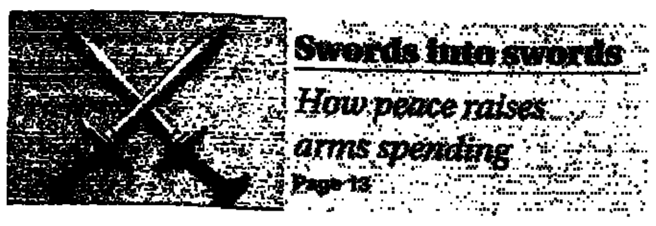


TOMORROW'S
Weekend FT
Ulster's majority on the defensive

FINANCIAL TIMES

Europe's Business Newspaper FRIDAY SEPTEMBER 9 1994 D8523A

Six US officers charged over Iraq helicopter deaths

Six US Air Force officers have been charged with criminal misconduct over the shooting down of two US helicopters over Iraq in April. One F-15 fighter pilot was charged with negligent homicide and dereliction of duty and five crew members of a radar plane with dereliction of duty over the accident that killed all 26 US and allied personnel aboard the helicopters.

Kmart, the embattled US retail giant, will shed 6,000 jobs with the closure of 110 of its discount stores. It will also reduce its management workforce by 10 per cent over the next to years, which will mean another 1,650 job losses. Page 15

Saudis to buy more Hawk jets: Saudi Arabia is to buy about 20 more British Aerospace Hawk jet aircraft and a similar number of basic trainers in a deal worth almost £500m ($775m). Page 14

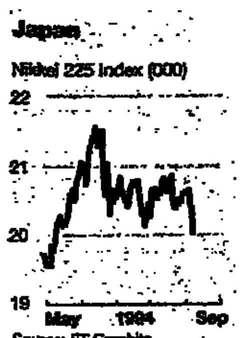
British jets under fire: Two British combat aircraft were fired at near Bihac in north-western Bosnia, a UN official said. Neither aircraft was hit in the attack, which came as Serbs from Bosnia and Croatia simultaneously invaded the Bosnian Moslem enclave. **Serbia awaits blockade reward, Page 3**

Glaxo, Europe's biggest drugs group, increased annual taxable profits by 10 per cent to £1.84bn, despite losing £115m on bonds and warning it would incur a further £16m loss in the current year. **Page 15; Lex, Page 14; Background, Page 21**

BTR shares fell nearly 12 per cent in London after the UK-based conglomerate confirmed that manufacturers are having problems passing increased raw materials costs on to customers. Interim pre-tax profits rose by 16 per cent to £694m ($1.08bn). **Page 15; Lex, Page 14; London stocks, Page 27**

Malaysian politician Rahim Tamby Chik, 42, has stepped aside from his government and political posts pending police investigations into allegations that he had sex with a 15-year-old girl.

Tokyo stock market falls below 20,000



Source: FT Graphite

Japanese stocks fell to a four-month low, going below the 20,000 mark for the first time since May 10. New issues depressed confidence, and the Nikkei index shed 106.02 points to close at 19,917.78. The index lost 3.6 per cent over four days, coinciding with Tuesday's listing of Japan Telecom. Traders said some investors were worried that next month's planned flotation of Japan Tobacco could further depress share prices. **World stocks, Page 38**

UK stores chain may buy milk abroad: UK supermarket chain Tesco is threatening to buy much of its dairy produce abroad unless the government changes plans to open up Britain's £3.3bn-a-year ($5.1bn) milk market, a move which is bringing higher prices. Page 7

Nissan wins court ruling on tariffs: Nissan has won a court battle in the US to prove that its multipurpose vehicles are cars rather than trucks and thus should carry an import tariff of 2.5 per cent instead of 25 per cent. Page 6

Bulgarian cabinet quits: Bulgaria's parliament accepted the resignation of the country's non-party government. Deputies voted 219 to 4 in favour of the resignation, which prime minister Lyuben Berov offered last week.

UN fears fresh Rwanda violence: Troops of Rwanda's ousted Hutu government are preparing to go back to war and fighters have already made incursions to harass and kill civilians, according to a UN envoy and officers from the victorious army.

Greece protest to Albania. Greece protested to the Albanian ambassador, claiming that the spy trial in which five ethnic Greeks were convicted in Albania showed a lack of respect for human rights.

Move to end baseball dispute: Representatives of major league baseball owners and players met in New York to try to salvage the season. The owners set today as the deadline for cancelling the rest of this year's games unless a deal is reached. Players have been on strike over pay since August 12.

Charlie's sax goes to Kansas: Kansas City, home town of jazz idol Charlie "Bird" Parker, paid £93,500 ($144,500) at auction in London for the saxophone he played at a 1953 concert in Toronto.

■ STOCK MARKET INDICES

FT-SE 100:	3,169.0	(-23.9)
Yield	3.97	
FT-SE Eurotrack 100	1,389.01	(+8.88)
FT-SE-A All-Share	1,598.67	(-0.5%)
Nikkei	19,917.78	(-106.02)
New York lunchtime:		
Dow Jones Ind Ave	3,904.42	(+18.17)
S&P Composite	472.66	(+1.67)

■ US LUNCHTIME RATES

Federal Funds:	4¾%
3-mo Treas Bills: Yld	4.636%
Long Bond	99⅞
Yield	7.551%

■ LONDON MONEY

3-mo Interbank	5⅞%	(5⅞%)
Liffe long gilt future:	Dec 101¹⁄₁₆	(Dec100⅝)

■ NORTH SEA OIL (Argus)

Brent 15-day (Oct)	$16.44	(16.475)

■ GOLD

New York Comex (Dec)	$394.6	(394.4)
London	$391.5	(389.7)

■ STERLING

New York lunchtime:		
$	1.543	
London:		
$	1.5455	(1.5468)
DM	2.4051	(2.3953)
FFr	8.2422	(8.2127)
SFr	2.0137	(2.0039)
Y	153.618	(153.074)
£ Index	78.8	(78.6)

■ DOLLAR

New York lunchtime:		
DM	1.5585	
FFr	5.339	
SFr	1.305	
Y	99.675	
London:		
DM	1.5562	(1.5486)
FFr	5.3332	(5.3096)
SFr	1.303	(1.2956)
Y	99.40	(98.965)
$ Index	62.8	(62.7)
Tokyo close Y 99.24		

Austria	Sch32	Greece	Dr350	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lw60.00	Iceland	IKr215	Neth	Fl 4.25	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira70	S. Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr18	Italy	L3000	Oman	OR1.50	Sweden	SKr18
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Estonia	Ekr 20	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
Finland	FM14	Kuwait	Fils625	Poland	Zl 38,000	Tunisia	Din1.500
France	FFr8.50	Lebanon	US$1.50	Portugal (m'land)	Es225	Turkey	L30000
Germany	DM3.60	Lux	LFr65			UAE	Dh12.00

Loyalist gunmen set out ceasefire terms

By Kevin Brown in London and Jimmy Burns in Belfast

Northern Ireland's loyalist paramilitaries yesterday set out their terms for an end to terrorism in response to the IRA's ceasefire declaration, raising the prospect of a permanent end to 25 years of political violence in the province.

The Combined Loyalist Military Command, which represents the Ulster Volunteer Force and the Ulster Freedom Fighters, the two main Protestant terror groups, stopped short of offering an immediate cessation of violence.

But it promised "a meaningful contribution towards peace" once it is certain that the IRA ceasefire is permanent, that the Irish National Liberation Army has ended violence; that no secret deals have been struck with the republicans; and that Ulster's position within the UK is assured.

The statement was dismissed as "inadequate" by the Northern Ireland Office. Mr Gerry Adams, Sinn Féin president, said the IRA "has had the courage to take the initiative. The government and the loyalists have not".

Alderman Hugh Smyth, the lord mayor of Belfast, said the statement suggested that a ceasefire was possible if the loyalists received the right answers from the government and republicans.

The loyalist command gave no timetable for a ceasefire. It said the decision would depend on the implications of the framework document for Northern Ireland's future being drawn up by the British and Irish governments as part of the peace process, which is unlikely to be published for several weeks.

"Change, if any, can only be honourable after dialogue and agreement. It is important that patience is shown to this body given the gravity of the debate required," the command said.

The announcement followed assurances to unionists from Mr Malcolm Rifkind, defence secretary, that the number of British troops in Northern Ireland would not be reduced until the government was sure that terrorism had ended.

"The crucial requirement is to ensure the security of the people of Northern Ireland is fully protected, and that is a judgment that has to be looked at very, very carefully," Mr Rifkind said, during a visit to Berlin.

He said a "gradual reduction" in the military presence would only happen when violence had ended for a "considerable" time. "I am not envisaging any immediate changes of that kind," he said.

His comments contrasted sharply with Sir Patrick Mayhew's announcement on Wednesday that security was being scaled down. Troops have discarded steel helmets in favour of berets.

Mr Martin McGuinness, a member of Sinn Féin's executive, said Mr Rifkind's comments were "particularly unimaginative and arrogant". The presence of British soldiers was "particularly provocative at this time".

Republican sources said that the combination of the government's cautious approach to security and the loyalist terrorists' delay in declaring a ceasefire would put pressure on the internal discipline of the IRA.

However, security sources believe the ceasefire will hold as long as the peace initiative progresses at government level.

Pace of German recovery quickens as exports rise

By Christopher Parkes in Frankfurt

Heavy stockbuilding and rising exports helped West Germany's economic recovery gain momentum in the three months to the end of July, according to data from the Federal Statistics Office. The economy grew at a real, adjusted annual rate of more than 2 per cent.

But Mr Otmar Issing, a Bundesbank director, reinforced Bundesbank suggestions that there is still scope for a further reduction in short-term interest rates.

A surge of almost 9 per cent in the east pushed real, unadjusted pan-German growth for the first half to 2.8 per cent. The data showed recovery in the west and continued strong growth in the east without any indications of overheating.

Mr Issing, speaking in an interview with the financial newspaper Börsen Zeitung, was relaxed about prices, saying that borrowing was under control and that the rise to 3 per cent in western inflation last month was due to high coffee and petrol prices, which pushed the index up 0.2 per cent.

A decline in inflation had been slowed but not stopped. Falling unit labour costs also made an important contribution to price stability, he said, and the recovery would improve companies' cash flow rather than generate heavier demand for credit.

According to the statistics office, the western economy, which accounts for more than 90 per cent of pan-German GDP, grew a fully adjusted 1 per cent between the first and second quarters, after a 0.5 per cent quarter-on-quarter improvement in the first three months.

Analysts calculated that stockbuilding accounted for about half a percentage point of the quarter's annualised growth rate of 2.3 per cent, but disagreed on whether heavy stocks might signal a slowdown in the second half. They said it was too early for inflationary pressures to start showing through.

Yesterday's data suggested the first-quarter's heavy demand for new homes and relatively strong consumer spending faded in the second quarter.

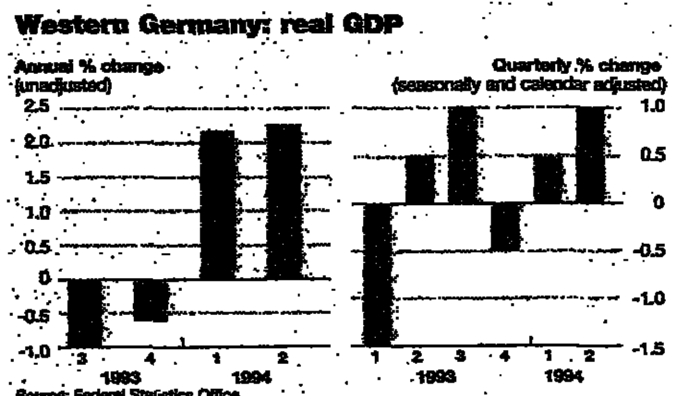
Although Mr Günter Rexrodt, economics minister, claimed western consumer demand rose 1.5 per cent in the first half, the seasonally adjusted figures showed a real fall of 1 per cent in the second quarter, following a rise of only 0.3 per cent in the first three months.

Capital investment continued to fall, although at a far slower rate. However, as industrial capacity utilisation rises (it is already estimated to have risen to the long-term average of 83 per cent) spending on plant is likely to increase, probably early in the new year.

According to yesterday's data, pan-German labour productivity rose 4.1 per cent in the first half and unemployment was 15 per cent higher than in the comparable part of 1993. Wage and salary earners' gross income rose 2.3 per cent and overall disposable incomes increased 3.4 per cent.

The statistics office also published upward revisions of western GDP data for the past two years. The economy grew 1.8 per cent in 1992, not 1.6 per cent as previously stated. It shrank 1.7 per cent in last year's recession, which was earlier calculated at 1.9 per cent.

Western Germany: real GDP



Source: Federal Statistics Office

Editorial Comment, Page 13
International bonds, Page 19

Chancellor Helmut Kohl and President François Mitterrand review a guard of honour at Charlottenburg Palace, Berlin, yesterday. They later joined other western states men in a ceremony to mark the departure from the city of British, American and French troops who have been its protectors for nearly 50 years. Report, Page 14 Reuter

Brussels order for arrest of Schneider chairman

By Lionel Barber in Brussels and Alice Rawsthorn in Paris

A Brussels court issued an international arrest warrant yesterday for Mr Didier Pineau-Valencienne, the chairman of Groupe Schneider, one of France's largest electrical groups.

The court order could provoke further strains between France and Belgium over the fate of Mr Pineau-Valencienne, who faces charges of fraud and embezzlement relating to two of Groupe Schneider's Belgian subsidiaries.

Schneider's shares fell sharply on news of the warrant's issue. The shares closed FFr7.70 down at FFr399.50, having dropped to a low of FFr387 during the day.

French law does not permit the extradition of French citizens, but a Belgian justice ministry official said last night: "If Pineau-Valencienne goes anywhere outside France, he will be arrested."

Schneider last night issued a statement describing the warrant as "totally illegal".

Mr Jean-Michel Loyrette, the lawyer representing Mr Pineau-Valencienne, said his client would not comply with the warrant, which followed the Schneider group chairman's boycott of a court hearing in Brussels last Saturday.

Late last month, the group announced that Mr Pineau-Valencienne would not attend any of the Belgian hearings on the grounds that his detention for 12 days in a Brussels jail earlier this summer was unlawful. He was ready to co-operate with the Belgian authorities, but only in France under the supervision of French legal authorities.

Mr Pineau-Valencienne's failure to appear before the Belgian investigating magistrate means he faces the loss of BFr15m ($464,000) in bail, according to an official at the Belgian justice ministry.

Mr Pineau-Valencienne faces charges relating to complaints filed by minority shareholders in Cofimines and Cofibel, two Belgian financial subsidiaries of Schneider.

Belgian prosecutors say that assets worth about BFr4.8bn

Continued on Page 14

Banks offer new guidelines on derivative disclosure

By John Gapper, Banking Editor

International banks yesterday responded to growing pressure for better information about the risks they run by using financial derivatives by suggesting new standards for disclosure.

The Institute of International Finance, an association of 180 international banks and securities firms, published a set of guidelines for disclosure in annual reports. The guidelines were drawn up by a working group including most of the leading firms selling over-the-counter (OTC) derivatives – contracts sold by banks to companies to help them control the risk of movements in currency and interest rates.

The institute said there was no adequate method of quantifying the risks banks run from market movements leading to falls in the value of derivatives such as swaps and options, and recommended instead that banks provide a description of risk management methods.

Concern that banks do not make detailed enough disclosures about derivatives has grown because of losses by companies such as Procter & Gamble. As the contacts derive from the value of other securities and indexes, they do not appear on balance sheets.

This has led to legislative pressure in the US for improved disclosure, and tighter regulation of securities firms' derivatives trading units. Some Congressional leaders have called for the imposition of new reporting standards.

Although banks and securities firms in the EU and US are required by accounting rules to disclose information on derivatives, if the guidelines were adopted by all banks it would give a clearer picture of the global market. Ms Barbara Matthews, an associate banking adviser of the institute, said banks had pressed for guidelines in order to establish the size of the market. There was no requirement for members to follow them, but several had indicated they would.

The working group suggested that banks and securities firms should disclose three things:

- The total replacement value of contracts – the amount they would have to spend to buy new derivatives contracts if companies defaulted on existing ones. This would be divided into contracts with companies of various credit ratings.
- The value of contracts in each category of derivatives, such as currency swaps and interest rate options, and a breakdown of maturity profiles, or the length of time contracts have to run before expiry.
- Analysis of their methods of accounting, risk management, netting of contracts, and limits on trading. They would also have to describe management controls, an aspect of risk management which many supervisors have highlighted.

CONTENTS

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Russia glimpses heaven through hell

Economic outlook is improving, writes **John Lloyd**, but is fraught with risk

A street in central Moscow is cordoned off. The uniformed militia compete to keep order with big men in suits with walkie-talkies and bulges below their armpits. A high-ranking delegation is in town: in this case, top executives from Crédit Suisse and its sister company, CS First Boston. They are here to open their Moscow offices in the street, having refurbished a 19th century mansion to contain them (and their tenants, who include the International Monetary Fund).

Mr David Mulford, the former US Treasury under-secretary for international affairs, now chairman of CS First Boston Ltd, talks of the "impressive results" of Russian reform. "We are investing so much in here because we think this place could be as big for us as New York or London."

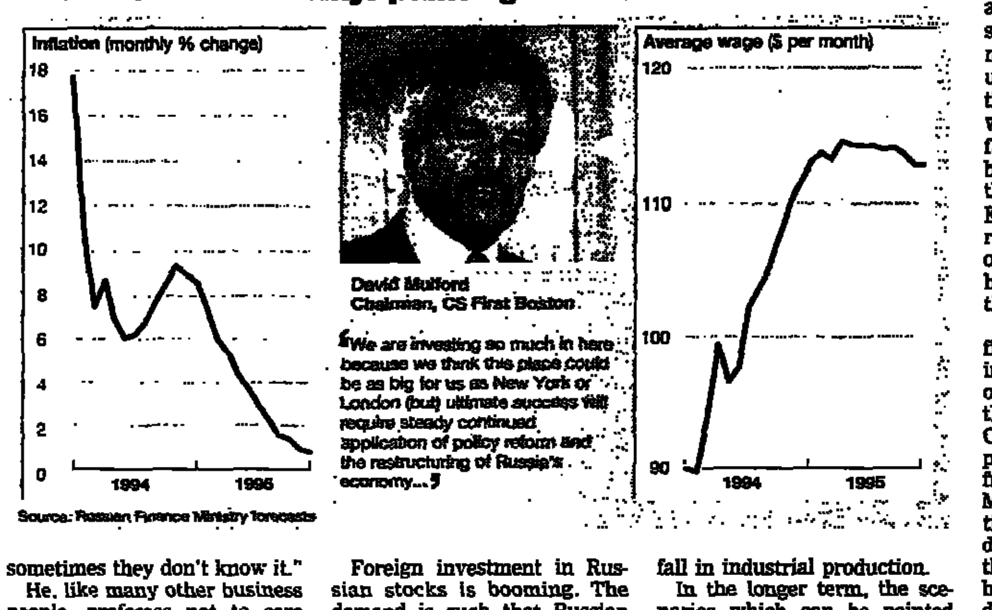
The prudence of the former public servant constrains him to add: "Ultimate success will require steady continued application of policy reform and the restructuring of Russia's economy if this country is to assume its appropriate place in the global economy."

Between the hope and the practice, between the present stability and future fears, Russian and foreign business people and investors oscillate like iron filings between magnets. Is it time to invest or to wait? How to evaluate the government's commitment to reform? How much does it matter?

Much of the present reality *is* good. Inflation is down from 21 per cent in January to under 5 per cent last month. The agriculture and energy lobbies have received extra credits, but these have been relatively restrained.

Privatisation continues, having already brought to market some 70 per cent of the economy. "This is a private economy now," says Mr Kakha Bendukidze, head of the Nipek Corporation, one of the biggest of Russia's new businesses. "The people are owners, even if sometimes they don't know it."

The Russian economy: painting a rosier future



He, like many other business people, professes not to care too much what the government does (though he wishes they would tackle organised crime while it is still possible). He believes the flywheel of the private market is now turning so swiftly there is little any leader can do to stop it.

Foreign investment in Russian stocks is booming. The demand is such that Russian financiers like Mr Mikhail Alexandrov of Alpha Capital are spinning off offshore companies to capture more of the inward flow. Service industry growth has been very large, compensating, on the official figures, for the continued steep fall in industrial production.

In the longer term, the scenarios which can be painted are even rosier. Russia is a fabulously rich, fabulously ill-managed country: with huge oil and gas reserves of which the first are declining rapidly because they have been so badly developed and so starved of investment; with deposits of almost every precious metal and stone which have been subject to an over-strict monopoly and are now preyed upon by criminals; and with, in the black-earth zone and elsewhere, tremendously rich farmland which produces at between a third and a tenth of the productivity of the median European level. Russia, better run, could be the miracle state of the 21st century – even, if it hurries, the closing years of the 20th.

But it must go through hell first. The last few weekly meetings of the special commission on the day-to-day running of the economy, chaired by Mr Oleg Soskovets, first deputy premier, have seen bitter confrontations between ministers. Mr Anatoly Chubais, privatisation minister, said on Wednesday that at the most recent of these sessions, his colleagues had been "talking about abandoning the course for economic reform" but had been beaten back.

But for how long? As ministers acknowledge, the boom and evident signs of wealth are largely confined to Moscow (and, to a lesser extent, St Petersburg and Ekaterinburg) through which some 70 per cent of financial transactions are routed. Out in the provinces, the slashing cuts the government has had to make in the budget, as it fails to collect up to half its predicted tax revenue, cause real pain.

More is to come. Unemployment is officially low but, according to internal government forecasts, is likely to turn sharply upwards.

The International Monetary Fund, with a high-level delegation in Moscow this week for exploratory talks with the government, is deeply worried. It granted a $1.5bn systemic transformation facility loan to Russia last spring, in exchange for promises of budgetary and monetary orthodoxy. The government has delivered these at least on paper, but has done so by not paying workers, not supplying the northern cities properly for winter and not funding capital investment programmes normally considered essential.

How much longer a quiescent society will tolerate such a breach in the implicit civil contract which exists between a state and its citizens is perhaps the largest question of the second part of 1994.

In the finance ministry, the clever young ministerial team and its advisers is trying to keep spending nailed down, while juggling with ideas to get income up. The tax compliance rates are terrible: the rate on VAT has sunk from 70 per cent in the first quarter of 1993 to under 40 per cent now; profit tax from a peak of 90 per cent in the second quarter of 1993 to under 50 per cent; oil excise runs at around 40 per cent, though this has tended to rise. Only income tax is on track.

The Russian market roller-coaster rolls on, more rapidly than ever. Many Russians and some foreigners have jumped on, and gone higher than they could have dreamed. They all expect a descent: how deep and how prolonged is the unknown.

Foreign investment pours in

A wave of foreign investment money has swept into Russia this year, accounting for sharp rises in the shares on Russia's nascent stock markets, according to local stockbrokers, write John Thornhill and John Lloyd in Moscow.

Investors have been attracted by the availability of shares following Russia's mass privatisation programme, the relative success of the economic stabilisation plan which has reduced inflation to 4 per cent a month, and the more settled political climate.

Mr Martin Andersson, director of Brunswick, a private Moscow-based finance company, said: "There has been a tremendous shift in interest during the past six to eight months. What we have seen first is an interest from portfolio investors, mainly from the US. But we are now seeing increased interest from strategic investors. There have not been tanks on the streets for several months and there has been a period of relative political stability."

Mr Anatoly Chubais, privatisation minister, has estimated that foreign investors have recently been buying Russian shares at a rate of $500m a month. But estimates vary considerably. CS First Boston, the US investment bank, suggests portfolio investment is running at $2bn for the first half of this year; Brunswick estimates $1bn which might reach $3bn by year-end.

Local stockbrokers say much of this money comes from speculative hedge funds seeking an exposure to Russia's developing economy and the commodity cycle. "This is the ultimate emerging market," says one stockbroker. Some Russian flight capital also appears to be returning.

Mr Mikhail Alexandrov, executive director of Alpha Capital, a Russian stockbroking firm, said: "You can't easily divide portfolio and strategic capital coming in. In some industries, like oil, the only way a foreigner can make an investment is portfolio investment. In others, you can make a direct stake. We have both coming in now very quickly indeed."

Most western fund managers are still deterred by the poor transparency in the share markets and company accounts, the sheer physical difficulty of buying and registering shares, and the remaining political and economic risks. But the government is committed to developing and reforming Russia's capital markets to provide companies with alternative means of finance as it weens them off state credits.

EU may give Ireland debt exemption

By Lionel Barber in Brussels

European Union finance ministers will this weekend hold preliminary talks on whether to exempt Ireland from the tough rules on government debt in the Maastricht treaty.

Agreement would set an important precedent in favour of a flexible interpretation of the criteria laid down in Maastricht for membership of Europe's planned economic and monetary union.

It would also offer hope to other debt-laden member states such as Belgium and Italy that they too may receive leniency.

In Brussels this week the secretive European monetary committee, which comprises the top treasury civil servants in the 12 member states, backed a European Commission proposal to exempt Ireland.

Despite reservations expressed by the French and German representatives, the Commission is confident of winning formal approval at a meeting of EU finance ministers on September 19 for a generous application of the debt rules.

Mr Theo Waigel, the German finance minister playing host to this weekend's informal meeting of EU finance ministers at Lake Constance, has insisted on strict application of the Maastricht treaty's rules on debt, deficit, inflation and currency stability.

But with the general election in Germany barely a month away, Mr Waigel is likely to steer clear of controversy. At present, only Luxembourg meets the two deficit criteria of having an annual budget deficit of less than 3 per cent of gross domestic product and an accumulated debt of less than 60 per cent of GDP.

The Commission argues that Ireland is a special case because it has kept its annual budget deficits below 2.5 per cent in recent years, and has reduced its stock of debt from around 114 per cent of GDP to around 90 per cent of GDP this year. This appears consistent with the Maastricht treaty provision which says member states can get round the target if "the ratio [of debt to GDP] is sufficiently diminishing and approaching the reference value at a satisfactory pace".

Germany, however, remains fearful of encouraging the notion that the so-called "convergence criteria" in Maastricht are infinitely flexible. Only France supported Germany's reservations in the monetary committee this week, apparently because Paris is determinedly orthodox and wary of any move which might undermine Bonn's commitment to a single European currency. Britain remained silent, according to a participant.

Assuming EU finance ministers agree later this month to exempt Ireland and Luxembourg, they will start "excessive deficit" proceedings against the 10 other EU member states. This means setting policy recommendations for reducing debt which could take the form of targets for 1995. Italy and Greece are viewed as particularly thorny cases.

Setting debt reduction targets could provoke charges of Commission heavy-handedness from finance ministers who want to take credit for tough measures to tackle deficits.

The Commission could soft-pedal by simply urging member states to meet debt reduction targets which they have set out in their own "convergence programmes". These are the action plans which are subject to scrutiny by the EU's monetary committee and the Council of Ministers.

OECD critical of Swiss construction cartels

By Ian Rodger in Zürich

Switzerland has the highest rate of spending on construction of all the industrialised countries, at $4,500 per head in 1990. And, according to the Organisation for Economic Co-operation and Development, this bloated $30bn annual construction bill is not just attributable to the quaint Swiss tendency to build everything for eternity.

A fair part of it derives from a formidable range of anti-competitive practices that prevail throughout the country – mainly cartels and the use of industry standards and arcane qualifications to restrict entry.

In Geneva, for example, a contractor has to have already built a bridge in the canton to qualify to tender on any new bridge project.

In a special study of Switzerland's construction sector, the OECD also says that excessively strict zoning regulations and tenant protection laws help boost housing prices beyond the ability of ordinary people to pay. Switzerland has the lowest level of home ownership among leading OECD countries, at 31.3 per cent in 1990. High construction costs also constitute a significant drag on the whole economy because of the industry's unusually large size and links to other sectors. It accounts for 16.8 per cent of gross domestic product and two-thirds of total fixed investment.

The OECD acknowledges the Swiss authorities' concern with preserving the natural beauty of the countryside, but argues "there would seem to be ample scope" for lowering housing costs without compromising this objective.

Swiss construction prices are about 40 per cent above the OECD average on a purchasing power parity basis, a figure consistent with prices in other sectors.

A recent study found that the construction cost of a representative apartment building was 29 per cent higher in Switzerland than in Germany. About 60 per cent of the difference was attributable to more demanding construction standards, with much of the remainder due to higher architects' fees and taxes. Swiss builders also face additional requirements to build air-raid shelters and parking spaces.

Wage rates tend to be only slightly below those prevailing in other sectors, even though productivity is considerably worse. Foreign competition is virtually absent from the Swiss construction market, partly because of a law, the so-called Lex Friedrich, restricting foreigners from owning property.

Cantonal governments, which buy a third of the industry's output, also restrict competition. Many governments impose restrictive qualifying conditions, such as membership in local organisations or local domicile. "Other devices include the automatic exclusion of the best offer or, indeed, of all offers below professional associations' reference prices and the abusive use of government charges," the OECD says. According to a recent study, these policies add at least 3.7 per cent to the cost of public purchases.

"Cartel agreements among construction companies also boost the cost of public works. These agreements aim at dividing the work among a number of enterprises and fixing in advance the prices submitted to the authorities," the OECD says.

Moreover, cartels are endemic in building materials industries, especially kitchen fittings, cables, bricks wallpaper and cement. "The bathroom and kitchen fittings industries have been able to influence prices because they have fixed technical standards which severely restrict imports – so much so that the major supplier of bathroom fittings has nearly 90 per cent of the market."

The cost of land for construction is inflated by zoning laws which prohibit the construction in agricultural zones of any structure not related to traditional agricultural use. In permitted zones, hoarding is common.

The OECD observes that Swiss governments are taking steps to resolve all of these shortcomings – strengthening cartel laws, revising the Lex Friedrich, reviewing zoning and rental control laws and promoting home ownership through allowing people to use part of their pension fund equity for home purchases. But it argues: "Priority should be given to eliminating structural features which needlessly lift housing costs and restrict supply."

Study forecasts rising level of economic growth

The Swiss authorities have been given a fairly strong – if grudging – endorsement from the OECD for their recent management of the Swiss economy, writes Ian Rodger.

Switzerland is recovering from three years of mild recession, and the OECD, in its latest annual assessment, forecasts 1.5 per cent real growth this year and 2.5 per cent next year. Inflation, which soared to 6.6 per cent in mid-1991, has dropped below 1 per cent, and seems likely to remain low.

"With employment picking up and consumer confidence progressively reviving in the course of 1994, household consumption should gather strength. Machinery and equipment investment is likely to continue its recent upswing, reflecting ongoing efforts of enterprises to modernise productive capacity, as well as reduced credit costs and lower prices of imported investment goods," the OECD forecasts.

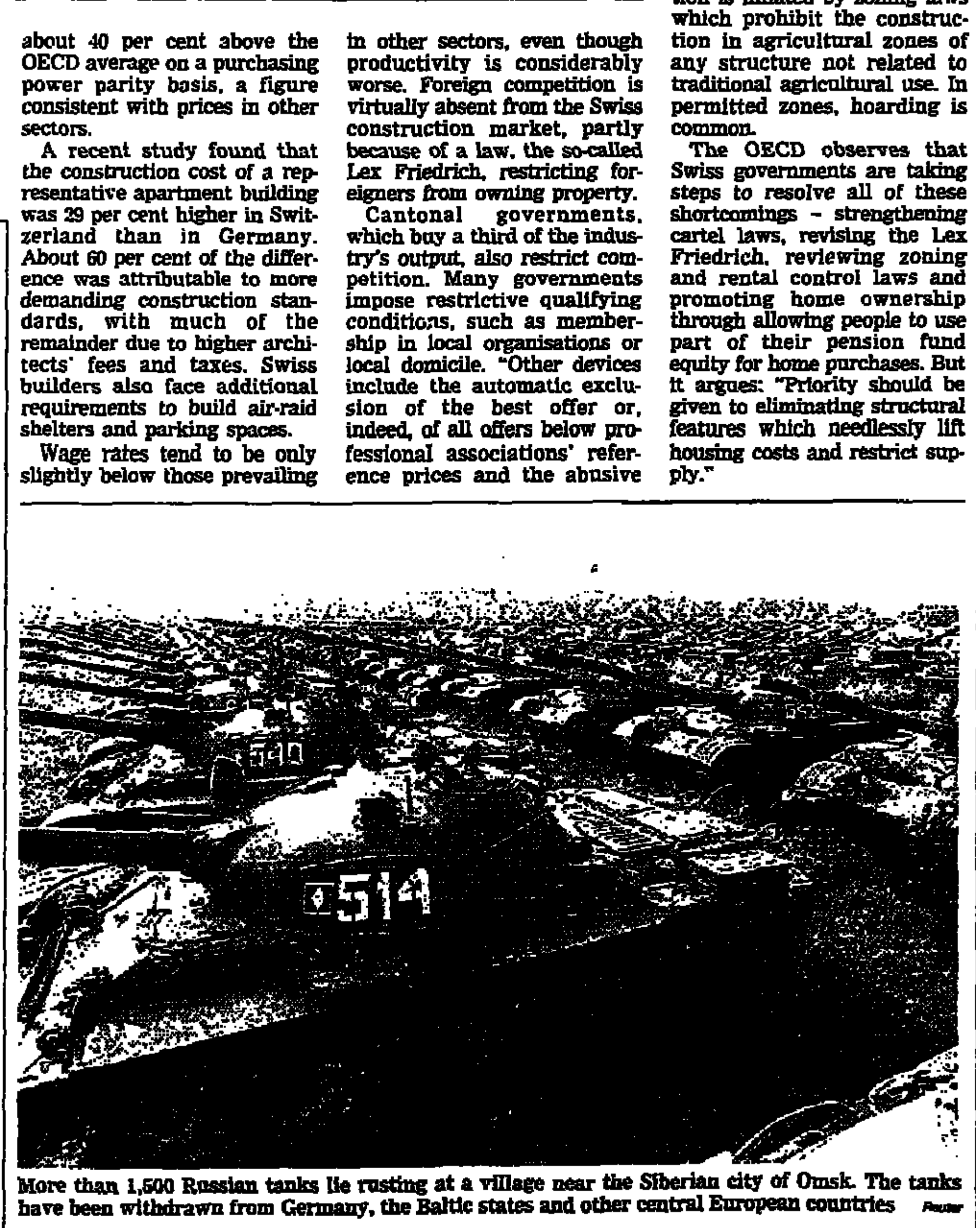
"But the favourable outlook should not give rise to complacency," the OECD warns. It predicts that a further round of public spending cuts and tax increases will be needed to eliminate a relatively high budget deficit.

It also says that business investment decisions could be affected by uncertainty over Switzerland's participation in the process of European integration. The Swiss voted against joining the European Economic Area in 1992, and the federal government has yet to clarify how it will now pursue its goal of joining the European Union. The OECD says "stepped up" efforts should be made to liberalise many economic sectors and align standards with those of the EU.

It has also renewed its complaints, first made in its November 1992 report, about how the Swiss National Bank monitors monetary growth. It says that the country will fall well below the bank's target of an average 1 per cent annual growth in the seasonally adjusted monetary base over the three year period to 1994. The OECD observes that the bank's policy stance "still appears relatively restrictive", but it then falls into line with the central bank's cautious view that the scope for further easing is limited, given the speed of economic recovery.

Meanwhile, the Swiss Federal Office for Economic Issues said yesterday that economic recovery continued in the second quarter with a 2.4 per cent rise in the annualised seasonally adjusted growth rate of gross domestic product compared with a robust 3.2 per cent in the first quarter. It said all main components of GDP rose, with the exception of exports, which were 4.6 per cent lower, compared with the first quarter. Exporters have been complaining recently that the strong Swiss franc is hurting their competitiveness.

The country's unemployment rate fell to 4.5 per cent in August compared with 4.6 per cent in July, and 4.7 per cent in August 1993.



More than 1,500 Russian tanks lie rusting at a village near the Siberian city of Omsk. The tanks have been withdrawn from Germany, the Baltic states and other central European countries Reuter

Solidarity seen with eastern states

Balladur details plans for tighter defence network

By David Buchan in Paris

French prime minister Edouard Balladur yesterday issued detailed proposals for improved defence co-operation among members of the European Union, which he also suggested should negotiate a common security doctrine with forthcoming EU members in central Europe.

In a speech to France's Institute of Higher Defence Studies, the prime minister said a white paper on European defence could be prepared for a future EU summit to which leaders of central European states could be invited. Such a white paper would be "a first manifestation of the new solidarity" between the EU and its eastern neighbours.

But he said existing EU states should, in any case, push on with reinforcing co-operation within the Western European Union organisation, particularly in planning joint operations and in developing "a true European system" of space-based spy satellites.

As the European state with the strongest ambition in the defence field, France is now at the centre of a web of arrangements with different WEU partners.

Mr Balladur cited France's joint Eurocorps with Germany, Belgium, Spain and Luxembourg, its "rapid reaction force" project with Italy and Spain, and its "more embryonic" discussions with Britain on joint air force planning. But, echoing the wider debate over EU integration, he suggested the time might come for a WEU summit to consolidate the organisation as "the central core" of European defence.

In the shorter term, he called on the WEU to use its new planning cell in Brussels to prepare for joint military-humanitarian operations more effectively than it had done in the case of Rwanda. He also called for a European observation satellite system, similar to the satellite photo interpretation system the WEU had set up in Spain. France is already working on the Helios optic and infra-red satellites with Spain and Italy, but Mr Balladur said he was "counting a lot" on getting German financial support.

France by itself could not maintain military technology and hardware across the board, he told his military officers, and therefore greater collaboration with other Europeans was essential.

There is anxiety in the French government about the UK government's imminent choice between joining the project for a new European military transport aircraft or sticking with Lockheed of the US to fulfil its military transport needs.

On the problem of stemming the spread of nuclear weapons, Mr Balladur said the United Nations Security Council should be given a more permanent and active role in checking nuclear proliferation. He said that giving the United Nations this role had worked well in Iraq and that North Korea showed the need for repeated vigilance.

"We believe the Security Council should have at its direct disposal intelligence assets and expertise concerning such weapons." Until Europe acquired such assets, however, they would have to come from the US.

● France appears on the verge of clinching a long-awaited sale of eight fast patrol boats to Kuwait for $280m-$470m, its first big defence sale to the emirate since the Gulf war. It is also discussing sales of missiles and radar.

Editorial Comment, Page 13

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NEWS: EUROPE

EUROPEAN DIGEST

Serbia awaits blockade reward

There are mounting signs that the international community is preparing to reward Serbia for its month-long blockade of the Bosnian Serbs and that the Serbian president, Mr Slobodan Milosevic, may be willing to allow international observers to monitor the embargo. The German foreign minister, Mr Klaus Kinkel, yesterday said he welcomed a decision by the five members of the international contact group on Bosnia to ask the UN security council to discuss easing sanctions against Serbia and Montenegro. In a statement, Mr Kinkel said Serbia's blockade was a "positive development" which "should be rewarded appropriately". Mr Kinkel's French counterpart, Mr Alain Juppé, said on Wednesday that Serbia had agreed in principle to allow non-military observers to monitor its embargo of the Bosnian Serbs. Mr Juppé said the details still had to be worked out. He said monitors would not carry out checks on the border but merely "observe what happens". Western diplomats in Belgrade said they were still waiting for details of the Contact Group's proposals. *Paul Adams, Belgrade.*

Renault stake for Elf Aquitaine

Elf Aquitaine, the French state-controlled oil group, plans to become a significant minority shareholder in Renault by investing up to FFr1bn ($187m) in its eventual privatisation. Renault has already invested FFr1bn in Elf, which was privatised earlier this year. Elf's reciprocal investment will create one of the *noyaux durs*, or "hard core" shareholding agreements that have been a traditional tenet of French industry and are now playing a prominent role in the centre-right government's privatisation policy. The timing of the Renault share sale has not yet been fixed. The government is currently conducting a valuation of Renault (estimated by analysts to be worth around FFr40bn) as a precursor to selling part of its 80 per cent stake. But Renault is vying for the next slot on the privatisation schedule with the Assurances Générales de France (AGF) insurance group. The government is expected shortly to announce which company will be the first issue. *Alice Rawsthorn, Paris.*

EU warns on drug chemicals

Drugs traffickers are still getting chemicals needed by the cocaine trade from Germany and Holland in spite of a European Union regulation controlling their export, according to senior EU officials. This emerged at a meeting in Berlin yesterday of interior ministers from 22 European states, intended to bind east and central Europe into the EU's efforts to combat drugs and organised crime. The Bonn government is understood to have pledged firm action to staunch any leakage of these "precursor" chemicals, like acetone, but Mr Michael Howard, the UK home secretary, who has just returned from South America, told his colleagues that "it is clear that precursor and essential chemicals are finding their way to South American countries". The 22 states have agreed to operate together across frontiers not only against narcotics but against smugglers of nuclear materials, illegal immigrants and the 1.8m stolen vehicles on the EU wanted list, a large number of which have found their way into eastern Europe. *David Gardner, Berlin*

Italy to boost pensions sector

Two Italian banks and the country's state pensions institute yesterday announced a joint venture to encourage the under-developed Italian pension fund sector. Banca Nazionale del Lavoro, the Treasury-controlled bank, IMI, the recently privatised financial services group, and INPS, the state pensions institute, have agreed to offer fund management and administrative services to company schemes or open funds. Pensions reform is at the centre of the Italian government's efforts to cut spending for the 1995 budget, but the country's 200 or so pension funds account for only a small part of retirement provision in Italy. The Treasury has already said it wants to reform existing legislation to encourage pension funds, by reducing taxes and other charges. Mr Clemente Mastella, the labour minister, yesterday reassured Italians that funds based on investment would complement rather than replace the existing system. *Andrew Hill, Milan*

Azerbaijan-Armenia talks

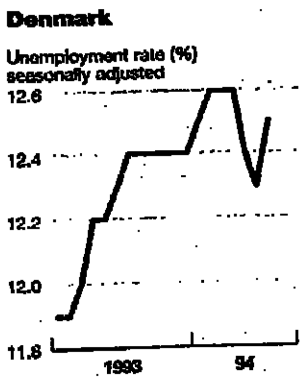
President Geidar Aliev of Azerbaijan and President Levon Ter-Petrosian of Armenia met yesterday in Moscow to seek a peaceful settlement of their war over Nagorno-Karabakh. Russia's foreign ministry spokesman said both sides had demonstrated a willingness to seek compromises. "However, at least one more round of intensive work will be required to finalise the document," he said. The agreement being discussed calls for an end to hostilities, disengagement of warring parties, the deployment of mostly Russian peacekeepers and the return of refugees. But there still are outstanding issues, such as when Armenian forces will withdraw from areas seized outside Nagorno-Karabakh and the exact composition of the peacekeeping force. The agreement also does not stipulate the final status of the enclave, which has declared independence from Azerbaijan. *Reuter, Moscow*

Bulgaria heads for elections

Bulgaria appears set for general elections within the next two months following acceptance yesterday by the Bulgarian parliament of the resignation of the government of Prime Minister Lyuben Berov. Mr Berov took power at the end of 1992, leading a non-party government formed after the collapse of a government led by the Union of Democratic Forces, an anti-communist alliance. The Bulgarian Socialist party, successor to the former communist party, supported the Berov government and is expected to emerge from elections as the largest single party. A caretaker government will be appointed to govern until the elections and the Berov cabinet has been authorised to continue talks with international financial institutions for a promised $125m loan from the World Bank and $100m from the IMF. *Theodore Troev, Sofia.*

ECONOMIC WATCH

Danish unemployment edges up



Source: Datastream

Danish unemployment rose to an average 12.5 per cent in July, compared with 12.3 per cent in June, the Danish national statistics office said yesterday. The seasonally adjusted number of people out of work rose from 344,600 people in June to 349,400 people in July. This also shows a rise from July 1993, when an average 12.4 per cent or 347,100 people were out of work. The rise follows three months' decline in the jobless rate, after which the government said the tide had begun to turn on unemployment. It said the rise was due to many people in new jobs taking summer holidays on unemployment benefit, as they were not entitled to holiday pay. The opposition Liberals claimed the government's economic policies had failed. The jobless rate not corrected for seasonal adjustments was 11.8 per cent in July, up from 11.7 per cent in June. *Andrew Draper, Copenhagen.*

■ The trade surplus in the Netherlands in May rose 16 per cent to Fl 2.2bn (£815m) from Fl 2bn a year ago, the Dutch government reported.

■ France's broad M3 money supply aggregate gained 1.2 per cent in July after a 0.3 per cent gain in June, the Bank of France said yesterday. The M3 aggregate was down 3 per cent on an annual basis in July.

German 'personality' contest

Judy Dempsey reports on Sunday's two state elections in the east

The outcome of Sunday's elections in the east German states of Brandenburg and Saxony will depend largely on the personalities of their prime ministers. Both Mr Manfred Stolpe, the Social Democratic prime minister of Brandenburg, the only SPD-led government in eastern Germany, and Mr Kurt Biedenkopf, the Christian Democrat prime minister of Saxony, the only eastern state with a CDU absolute majority, have tried to use the "cult of personality" and local patriotism to secure re-election. But they have gone about it in different ways.

Mr Stolpe, a 59-year-old *Ossi*, or easterner, was a senior member of the Evangelical Church during the former east German communist regime. Since unification he has been repeatedly accused of collaborating with the former Stasi, or secret police.

The more the authorities and the west German media tried to prove the allegations, the more the Brandenburgers rallied around Mr Stolpe. "Stolpe is one of us [easterners]. We won't let the *Wessis* [westerners] destroy him," say his supporters.

However, after the election the SPD might be forced to choose between a coalition with the CDU, or the Party of Democratic Socialism (PDS), the successor to the former east German communist party, because the Free Democrats (FDP), the junior coalition partner, might not jump the 5 per cent hurdle required to enter parliament. Mr Stolpe could have played the "communist threat" card to galvanise his support. But since he is an *Ossi*, he knows how Brandenburgers share a common past. "He is afraid of sowing divisions because he knows how old unsettled scores could be revived," said an aide.

Mr Biedenkopf has chosen the opposite course. A prominent politician in Chancellor Helmut Kohl's government, the 64-year-old former law professor fell out with Mr Kohl and sought refuge in Saxony. But König (King) Kurt, as he is known, has used the CDU's absolute majority in Saxony's state parliament to introduce a government based on law and order and to polarise society.

The police have powers to detain individuals for up to 14 days for suspicious behaviour, and bug private homes, while anyone with the slightest previous connection with the Stasi or the former Communist party has been sacked or banned from holding jobs in the public administration.

More than 1,000 people have appealed – and won – costing the state DM30m (£12.3m) in legal expenses.

But Mr Biedenkopf wants another absolute majority. By accusing the SPD and PDS of flirting, he has weakened the political middle ground. "Saxony is now politically polarised between the CDU and the far-left," said Mr Fritz Hähle, the CDU's leader. "That's good for us. Indeed, this polarisation might be enough to get us back with the absolute majority."


Mr Kurt Biedenkopf (left), the CDU prime minister of Saxony, and Mr Manfred Stolpe, the SPD prime minister of Brandenburg

But the PDS could, at the expense of the SDP, get about 15 per cent of the vote in Brandenburg and more than 20 per cent in Saxony.

Such a result would enhance the party's status as "kingmaker" in the formation of the new governments.

But it would also provide a litmus test for the federal elections which take place on October 16 and in which the PDS is expecting to enter the Bundestag.

Berlusconi and central bank seek to end disputes

By Robert Graham in Rome

Mr Silvio Berlusconi, the Italian prime minister, and the Bank of Italy yesterday sought to bury the hatchet in a damaging two-month row over the role of the central bank.

The peace initiative took the form of a well-publicised meeting organised yesterday evening between Mr Berlusconi and Mr Antonio Fazio, the bank's governor. The row has been a factor conditioning the negative sentiment towards Italy in the financial markets that has seen the lira fall to historic lows against the D-Mark.

The meeting was the first between the two since a formal round of discussions which the prime minister held with leading institutional figures in the immediate aftermath of taking office in May. Relations between the Berlusconi government and the Bank of Italy began on an uncomfortable footing with the search for a replacement for Mr Lamberto Dini, who left the number two job as director-general to become treasury minister. Neither could agree on who should be the right candidate.

The government was anxious to introduce new blood. Mr Fazio jealously sought to preserve the central bank's autonomy and promote from within.

This gave way to increased sniping against the bank from members of the right-wing coalition – notably from the neo-fascist MSI/National Alliance. The bank was accused of being elitist and too closely linked to the outgoing government.

Matters were made worse by the half-point discount rate increase on August 11 at the height of the government's first lira crisis.

This provoked even more hostile attacks on the bank, including calls to limit the term of the governor (at present unlimited), rewrite the institution's statutes and remove Mr Carlo Azeglio Ciampi, the former governor-turned-prime minister, from his position as honorary governor.

Beijing threatens relations with Washington will suffer

China irate at US links with Taiwan

By Laura Tyson in Taipei and William Dawkins in Tokyo

Amid protests from Beijing, Taipei yesterday welcomed moves by the US to boost unofficial ties with the island, but complained the changes, announced late on Wednesday did not go far enough.

Following a lengthy policy review, Washington will permit high-level bilateral meetings in government offices. Taipei's *de facto* embassy in the US, the Co-ordination Council for North American Affairs, will become known as the Taipei Economic and Cultural Representative Office.

"We are happy to see and welcome the Clinton administration's policy adjustment toward us, but we are also dissatisfied with certain areas where we hope the US government can adopt a practical attitude to make further improvements," Mr Frederick Chien, Taiwan's foreign minister, told reporters. He voiced disappointment that the US would not back Taiwan's bid to rejoin the United Nations.

An angry Beijing sharply denounced the adjustments, warning, without specifying precisely how, that thawing Sino-US ties would suffer as a consequence. China views Taiwan as a renegade province. The US switched diplomatic recognition from Taipei to Beijing in 1979, implicitly acknowledging China's claim to sovereignty over the island.

The US State Department said the enhanced contacts did not represent a deviation from the US's "one-China" policy. The changes were made "for the purpose of solving practical problems and doing business", according to a department official. "They carry with them no implication that we consider the relationship [with Taipei] to be official."

The change coincides with a standoff among Taiwan, China and Japan over whether Taiwan's president, Mr Lee Teng-hui, should be permitted to attend the Asian Games in Hiroshima early next month.

The US adjustment will be closely watched and could precipitate similar changes by other governments.

The American Chamber of Commerce in Taipei, which has long lobbied for upgraded ties, said the US moves would improve business links but did not go "as far as we would have liked". Taiwan was the US's fifth-largest trading partner in 1993, buying US goods and services to double the value of China's trade.

While the island's economic strength played an important role in policy change, its democratic transformation since martial law was lifted in 1987 has not escaped attention.

Mr Shen Guofang, spokesman for China's foreign ministry, charged that the US upgrade "seriously violates the principles" on which bilateral relations are based and "interferes with the internal affairs of China".

Mr Shen went on to menace Japan, saying if President Lee is issued travel documents allowing him to attend the Asian Games, Sino-Japanese ties will be affected. "If Lee Teng-hui goes to Japan to attend the Asian Games, it will bring serious political troubles to the Asian Games," he said, declining to elaborate.

President Lee is refusing to knuckle under to pressure to politely decline an invitation from the Olympic Council of Asia, putting the Japanese government in an embarrassing position. China earlier threatened a boycott, which could prove disastrous for the games as China's athletes are the region's strongest and comprise the biggest delegation.

Analysts said Beijing fears an increasingly assertive and confident Taiwan is successfully punching through the diplomatic isolation which has shrouded the island since the UN granted Taipei's seat in the body to Beijing in 1971. Eyeing Taiwan's economic clout, countries which recognise Beijing are increasingly willing to risk provoking tantrums from Beijing to informally host Taiwanese officials.

Hong Kong's South China Morning Post reported yesterday that Beijing has drafted a "war plan" to suppress Taiwan's gains in the diplomatic arena. The plan, approved by President Jiang Zemin, calls for a carrot-and-stick approach.

Taiwan will relaunch its bid to rejoin the UN when the body reconvenes this fall. But China holds veto power as a permanent member of the security council, and is likely to block Taipei's efforts as it did last year.

In Tokyo an embarrassed government was attempting to stay on the sidelines. Mr Tomiichi Murayama, Japan's Socialist prime minister, said it would be difficult to arrange for Mr Lee's attendance at the games, but stopped short of barring him.

China's political and economic weight as Japan's second largest trade partner, and the largest military power in the region means Japan is under compelling pressure to put China first. But a snub to Taiwan would harm Tokyo's policy of trying to keep the widest possible circle of friends among its Asian neighbours.

Japanese government officials had no doubt their political masters would ultimately have to bend to China's wishes. Tokyo entertains diplomatic relations with Beijing but not with Taipei, they pointed out.

Japan's trade union king-maker resigns

By William Dawkins in Tokyo

Japanese politics yesterday lost an influential behind-the-scenes builder of coalitions when the head and founding father of the main trade union movement resigned.

Mr Akira Yamagishi, 65, cited health reasons for his unexpected decision to step down as head of Rengo, the 8m-member trade union federation.

Rengo is the most powerful supporter of the left-wing Social Democratic party, a member of the government coalition. Yet the union group has been in upheaval since the Socialists, led by Mr Tomiichi Murayama, a former union official, formed a government 2½ months ago with the left's traditional opponent, the conservative Liberal Democratic party.

Mr Kozo Igarashi, the Socialist chief cabinet secretary, yesterday voiced regret at Mr Yamagishi's retirement.

Mr Yamagishi, a moderate trade union official throughout his career, became the most important figure in Japan's labour movement by increasing its influence in the traditionally closed circuit of business, government and political elite. He was instrumental in bringing together private and public sector unions to form Rengo five years ago and is close to Mr Murayama and the moderate leadership of the Socialist party.

As such, Mr Yamagishi was an influence in the Socialists' decision last weekend to scrap their traditional extreme pacifist policies to fall less out of line with the LDP on defence and foreign affairs. The policy switch has angered the left wing of both the Socialist party and Rengo, possibly a factor in Mr Yamagishi's resignation.

He began a campaign to unify opposition parties in 1992 and played an important part in the creation of the eight-party coalition which succeeded last summer in pushing the LDP out of government for the first time in nearly four decades.

However, Mr Yamagishi has never fulfilled his ambition of uniting the SDP with the Democratic Socialist party, a moderate offshoot of the original Socialists also supported by Rengo.

Politics comes second to Japanese pinball

Gerard Baker on mistrust and apathy over an electoral test

In the main street of Toyohashi the former prime minister was having difficulty competing with the rival attractions of the pinball arcade.

Mr Tsutomu Hata had arrived in his campaign bus to canvass support for the opposition candidate in Sunday's by-election. But the desolate little gathering of supporters and curious onlookers never looked like outnumbering the men eagerly crowding into the *pachinko* parlour.

It was a typical scene. The election in Aichi prefecture, 150 miles to the west of Tokyo, has attracted more interest from the national politicians and psephologists than it has from the voters.

The principal cause of the excitement is the decision of the three parties of the governing coalition and the 10 parties of the opposition bloc to field a single candidate each.

It thus represents the first test of popular opinion since the formation of the strange new alliances around which Japanese politics have coalesced in the last few months – a minor referendum on the unlikely coalition between the Liberal Democratic party (LDP) and Social Democratic party (SDP).

It is also an important test of the government's resolve on the popular issue of political reform

The vacancy for the seat in the upper house of the Japanese parliament was caused by the removal of the sitting member following his admission that he falsified his educational record during the last election campaign in 1992.

The vast constituency, centred on Japan's fourth largest city, Nagoya, is home to the world headquarters of Toyota Motor Corporation. More than 200,000 among the electorate of 5m work for Toyota and its related companies.

In normal circumstances the election would be a close-run thing. Two years ago the multi-member constituency returned candidates from both the LDP and the Democratic Socialist Party, one of the opposition parties.

But traditional voter apathy has been compounded by a growing mistrust of politicians. The turnout was just 47 per cent in 1992, and the campaigns for the two main candidates expect it to be less than 40 per cent this time.

And to this mix of apathy and disenchantment has been added the volatile ingredient of confusion. The unprecedented fluidity of Japanese politics in the last year seems to have left many voters bewildered.

The campaign teams for the two main candidates both expressed concern that the shifting coalitions in Japanese politics have become so bizarre that electors will not know which candidate represents which group.

Nonetheless, opinion polls suggest that those who to vote are set to deliver a significant rebuff to the government. The opposition candidate, Mr Yuzuru Tsuzuki, is well-liked locally. More potently, he is mining a rich seam of voter disgust at the cynical opportunism of the SDP and LDP in burying their divisions in the

interest of self-preservation.

"I used to vote socialist," said one man on the streets of Toyohashi, "but I was never so shocked in my whole life as when I heard of the formation of this coalition." "This is a government of men united by just one thing," said another, "their desire for power."

The coalition's candidate, the former United Nations diplomat, Mr Jiro Mizuno, had the unmistakeable air of a man expecting a drubbing. "It is a very hard struggle, he said, but I believe I can win." His campaign supporters had had even less success in enticing people from the *pachinko* parlour when they stopped by earlier. "Please vote for Mr Mizuno, if only to save his face," appealed one of them.

Indeed there is a growing fear in coalition circles that Mr Mizuno might even be beaten into third place by a local television personality running as an independent.

Differences within the coalition have meant that policies have been avoided altogether. Instead they have chosen to focus largely on the personality of their undeniably charming candidate. Mr Mizuno's election literature dwells heavily on his tastes in music (he likes Linda Ronstadt) and films (his favourites are, of course, those staples of Japanese cinema-goers, 'Roman Holiday' and 'Casablanca'.)

Then, under a beaming picture of the 48-year-old is a litany of his well-known supporters – a list of mostly national and local government figures that includes, unaccountably, Mr Javier Perez de Cuellar, the former secretary-general of the United Nations.

The opposition seems undaunted by such heavyweight competition. Mr Atsuaki Miwa, the campaign manager, thinks the electorate is ready to deliver a crushing blow to the governing parties and in the process register its support for the reform process hesitantly under way in Japan.

"Though the coalition parties say they support reform, the voters know that they did all they could to oppose it when it was being legislated. A vote for Mr Tsuzuki will be a vote for an end to the old politics represented by the SDP and LDP."

Mr Miwa's optimism is probably justified. But there is little doubt that popular disillusionment is stronger than ever – disillusionment that embraces much of the opposition too. Support for the principles of political reform remains widespread. Confidence that it will actually make any difference is ebbing fast.

Delegates to a non-governmental agencies meeting, held alongside the population conference, listen on headphones to a speaker AP

Immigration dispute emerges at population conference

Fresh battles at Cairo talks

By Bronwen Maddox and Mark Nicholson in Cairo

Controversial clauses on immigration have emerged as a new battleground in tortuous attempts to reach consensus on a final document at the International Conference on Population and Development in Cairo.

Britain and Germany are objecting strongly to a section of the draft document which says that families of immigrants have the right to be reunited in one country. They are concerned that this suggests that relatives of immigrant workers or of naturalised citizens have rights to immigration.

London and Bonn may be prepared to back the principle that families should be united, but are pressing for a new phrasing which could not be used in court, delegates from European Union countries said. The present text, which has not been agreed, urges governments to "recognise the right of family reunification".

However, the deadlock over text on abortion policy remained the chief obstacle to consensus, with delegates braced to scrap a scheduled weekend break and negotiate up to the last hour of the conference on Tuesday night.

"I don't think there is any one group trying to wreck the conference, although there may be groups trying to hold it to ransom," said a British delegate. The Vatican and a "hard core" of about 10 Roman Catholic countries remain bitterly opposed to the proposed wording on abortion, although Moslem states have now given their backing.

Dr Nafis Sadik, executive director of the UN population fund, who is chairing the conference, said: "I do not think the Vatican will agree [to the policy document] even if all the phrases [on abortion] are left out, because basically they are against contraceptive technology."

Holy See officials insisted they were seeking a final text to which they could agree.

However, delegates yesterday reached agreement on the controversial financing target of $17bn by the year 2000, more than treble present levels.

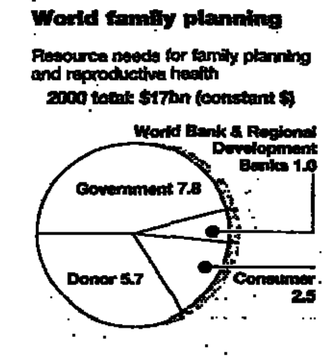
Two thirds of the money is expected to come from developing countries. Mr Abdul Suleiman, from the Nigerian delegation, warned the figure "is very much a global average – in some countries, the ratio will have to be more like 50:50."

Yesterday Baroness Chalker, the UK minister for overseas development and head of the British delegation, repeated her pledge that Britain would spend £100m over the next two years on overseas family planning programmes – an increase of 60 per cent.

World family planning

Resource needs for family planning and reproductive health

2000 total: $17bn (constant $)



Source: Population Action International

Lean times for New Zealand meat industry

By Terry Hall in Wellington

The sudden collapse of two big New Zealand meat processing companies – UK-owned Weddel and the innovative Fortex group – has underlined the deep financial problems that have plagued for the past decade the country's biggest export industry.

The crash of Weddel last month after banks refused to lend it more money has drawn attention to the indebtedness of remaining companies, and aroused national concern for the future of the NZ$4bn (US$2.4bn) industry.

Weddel, which had been controlled by the wealthy UK Vestey family for most of the century, had been considered one of the stronger players, and handled an estimated 18 per cent of the industry through its six works. The company's failure marked the end of UK investment in the industry.

Over the past decade Borthwicks and the British Co-operative Society had been forced to quit due to changing markets and high costs. A string of locally owned companies, including Fletcher Challenge, Goodman Fielder Wattie, Waitaki, Gear, Waitane Meats, and Venison New Zealand had also been forced out of the industry.

Collectively the losses total about NZ$950m over the past five years, according to a study by merchant bank Southpac, which also said the industry as a whole had shown no return on capital during that period. Nor had it earned enough to cover interest payments in two of the past three years; and would be unable to do so again this year. The banks, which are owed NZ$1.9bn by the companies, are said to be running out of patience.

The problem is largely a structural one. The meat processing companies receive an inadequate share of profits. Most have inadequate capital and continuing funding problems as they try to cope with a deregulated environment. There are also too many players, leading to big marketing and overcapacity problems.

The industry's troubles have intensified over the past 10 years. The last period of strong profitability was in the early to mid 1980s when the Meat Board dominated the industry. As the government poured in taxpayer's money in farm support payments, sheep numbers soared to 73m.

But from the mid 1980s things started to go badly wrong: the industry was turned on its head after the Labour government removed farm incentives, forcing companies to resume competitive bidding for stock, marketing and other roles.

As sheep numbers plummeted – the national flock now numbers just over 50m – the processing companies were placed under increasing pressure. The ensuing tangle of ownership, mergers and plant closures grew increasingly complex, as did changing industrial attitudes.

Initially unions battled management attempts to cut staff numbers, tighten conditions and close works. But more recently they have decided to co-operate to try to ensure the industry's future.

The role of the co-operatives, which dominate the industry, is seen as a significant problem. Three big groups - Affco on North Island and PPCS and the Alliance in the south – handle 66 per cent of the sheep and 45 per cent of the beef kill.

It is claimed that the lower cost structure of the co-operatives, allied with less pressure on them to make returns on capital to their farmer shareholders, were factors which effectively helped PPCS and the Alliance to squeeze the Fortex group out of business by forcing it to pay higher prices for stock.

"Given the influence of co-operatives within the industry, the overall profitability may not improve," the Southpac report said.

Analysts believe the banks, which carry most of the risk, will be loathe to finance the industry, aim to charge prohibitively high risk margins on loan capital, or impose draconian restraints and other conditions on the way the companies conduct business. Many lenders are seeking to reduce their exposure by withdrawing funds they have committed in the past.

Nevertheless, the industry has overcome many of its old problems. Real lamb processing costs have fallen by 20 per cent in the past 10 years, and costs are considerably lower than in Australia. A decade ago New Zealand processing costs were 50 per cent higher than in competing countries.

The New Zealand economy is set to show sustainable growth over the next two years without suffering from inflationary pressure or a widening current account deficit, said Mr Don Brash, Reserve Bank governor, writes Terry Hall.

Mr Brash is charged with setting interest rate and exchange rate policies with the aim of ensuring inflation does not rise above 2 per cent. He said that, following gross domestic product growth in excess of 5 per cent last year, the bank was projecting GDP to rise by 4.4 per cent during the current year and by 3.1 per cent in 1996.

The projected slowing of the growth rate was primarily due to cyclical influences on consumption and investment, Mr Brash told a news conference.

Australian port workers on strike

Australia's shipping industry ground to a halt yesterday when port workers began an indefinite nationwide strike over the government's alleged failure to develop a restructuring package for the state-owned Australian National Line, writes Nikki Tait in Sydney.

Last month the government shelved plans to privatise ANL, claiming it was in such poor financial condition that it "couldn't be given away". The company has made losses in six of the last seven years. The union claims the government plans to liquidate the business.

Mr Laurie Brereton, federal transport minister, urged a swift end to the industrial action, saying it augured badly for government efforts to save ANL.

Mr Paddy Crumlin, deputy national secretary of the Maritime Union of Australia, said the strike would affect all ships other than vessels transporting liquid natural gas to Japan.

The Australian Chamber of Shipping said the strike would cost the economy millions of dollars and reinforce the low regard in which Australia's waterfront industry was held overseas. The ACS calculates it costs on average A$40,000 (£19,000) a day per vessel to have a ship idle. Broken Hill Proprietary, the large mining and resources group which has a significant shipping business, expressed similar dismay.

● Foster's Brewing Group, which owns Courage in the UK, is suing Price Waterhouse for unspecified damages, claiming the international accountancy firm was negligent and failed to inquire properly into A$66.5m (£32m) worth of foreign exchange transactions authorised by executives in 1988 but now alleged to be "sham deals".

The dealings are at the heart of a lengthy committal hearing under way in Melbourne and involving former executives of Elders IXL, the brewing and agribusiness group which owned Foster's.

NEWS IN BRIEF

Sri Lanka offers food for rebels

Sri Lanka's new government yesterday made fresh moves towards a peace deal with Tamil separatist guerrillas in the island's north and east, by offering to restore supplies of food and power, Reuter reports from Colombo.

"We are prepared to give power to the north," deputy defence minister Anuruddha Ratwatte told a news conference. He said the government needed only six weeks to set up power generators in the northern Jaffna peninsula, stronghold of the rebel Tamil Tigers, if the Tigers were prepared to co-operate in their installation. The government was also prepared to extend the national electricity grid to the north, which has been without power since rebels blew up power lines in the mid-1980s.

Mr Ratwatte said the government wanted to send food convoys, under the supervision of the International Committee of the Red Cross, by road to Jaffna, as monsoon rains due in three weeks would make transportation by sea difficult. Normal land routes to Jaffna cannot be used because of the fighting.

The deputy minister said the government had appointed a task force, headed by prime minister Chandrika Bandaranaike Kumaratunga, to rehabilitate the island's east.

S African ministers criticised

The head of the communist allies of President Nelson Mandela's governing party hit out yesterday at the big salaries earned by South Africa's new rulers, Reuter reports from Soweto.

Mr Charles Nqakula, general secretary of the South African Communist party, told trade union activists that the new rulers were in danger of representing only the bosses. "It is scandalous that such huge amounts of money are squandered," he told a meeting of the Congress of South African Trade Unions, an umbrella group with close ties to the communists. "We pledge to continue the struggle...against the gravy train in the upper echelons of the public sector."

UN chief in Kashmir offer

Mr Boutros Boutros Ghali, United Nations secretary-general, yesterday offered to play the role of "honest broker" in an effort to resolve the 46-year Kashmir dispute, which continues to undermine relations between India and Pakistan, writes Farhan Bokhari in Islamabad.

Clinton administration acts to entice media onto its side

US invasion of Haiti may come within four weeks

By James Harding in Washington

The Clinton administration is lining up its media forces to win public support for an invasion of Haiti, now widely expected within a month unless the country's military rulers step down.

President Bill Clinton is likely to avoid seeking a congressional vote to back the invasion, but is understood to be planning a national address to win popular backing for the first military offensive of his presidency.

Mr Clinton, in his first piece of business after a 12-day holiday in Massachusetts, held a three-hour session on Wednesday night to consider invasion plans with senior foreign policy advisers and White House staff. The meeting was interpreted as a signal of renewed urgency in the administration to restore democracy to Haiti.

The meeting considered a timetable for engagement in Haiti and a public relations campaign to ensure support for an invasion which would oust Haiti's military leadership and restore deposed President Jean-Bertrand Aristide.

The US government's stiffening resolve was made clear by Mr Warren Christopher, US Secretary of State, who warned Haiti's military leadership prior to the meeting that "their days are definitely numbered... One way or another, the de facto government is going to be leaving," he said.

Pentagon officials are understood to have informed the White House that a US-led multinational force is ready to go, but the president needs to win over the American people before launching an operation which could involve US casualties. The centrepiece of the publicity campaign is likely to be a televised address by Mr Clinton, possibly as early as the end of next week.

White House assessments of the popular backing for a Haiti invasion are likely to be the critical factor in deciding both when and if the administration decides to act. Mr Clinton's advisers seem to be split on possible public responses. While some believe a bold move would win back support for the Clinton presidency before potentially damaging mid-term congressional elections in November, others fear images of body bags being flown back to the US from Haiti.

National security advisers are expected to start briefing Congress members next week on the reasons for US involvement, the plans for a speedy withdrawal and the outlook for a UN peacekeeping operation.

Seeking to avoid a vote would be a break with the Bush administration's policy of winning congressional backing for US operations in the Gulf war. However, it would have a recent precedent in the Reagan administration, which began its invasion of Panama without a vote in Congress. "Consult, execute and then defend" is said to be the policy envisaged by the administration.

Wednesday night's meeting also considered plans for a final push to persuade Haiti's military leaders to step down.

This could involve covert action which would attempt to exacerbate rifts between Haiti's military commanders and offers to provide safe passage for the regime's leadership.

Rift at the top of Fed is denied

By George Graham in Washington

Mr Alan Blinder, the vice-chairman of the Federal Reserve Board, yesterday denied any rift between himself and Mr Alan Greenspan, the Fed chairman, over the need to control inflation, but insisted that central banks also needed to pay attention to unemployment.

Mr Blinder repeated his belief that unemployment should play a role in setting monetary policy, a view which sparked a flurry of concern that he was "soft on inflation" when he expressed it two weeks ago at a Federal Reserve conference held in Jackson Hole, Wyoming.

"To my mind, the controversial position that I staked out in Jackson Hole amounted to endorsing the Federal Reserve Act," he told a meeting of the Mortgage Bankers Association in Washington yesterday, pointing out that the statute establishing the Fed directed it to pursue both maximum employment and stable prices.

But Mr Blinder insisted that Mr Greenspan and he were at one in believing that monetary policy could only have an effect on unemployment in the short run, but that in the long run there was no trade-off between unemployment and inflation.

"If there's any difference it's usually that when the chairman says that he is emphasising the fact that there isn't any long run trade-off, despite the fact that the economy fluctuates in the short run, and I certainly agree with that... I emphasised instead that there is in fact a short-run trade-off, despite the fact that there is no long-run trade-off," Mr Blinder said.

"So this is exactly a case of whether you look at this glass and find it half full or half empty," he said, adding that he did not believe there were any "current operational differences of any significance" between him and the rest of the Fed board.

Nevertheless, financial markets and some commentators had seen a possible future policy disagreement in Mr Blinder's apparent refusal to give absolute primacy to the fight against inflation, as most central bankers around the world do.

Mr Blinder said yesterday that "the inflation objective has to, by default if nothing else, take primacy", because that was all that a central bank could control in the long run.

However, he softened slightly his criticism of European central banks, which he had accused in Jackson Hole of being "quite far from on target" in their policies. Yesterday, he said that "almost everybody on the planet, I think, believes that European unemployment rates now are too high", and that many economists believed the rate could be reduced by perhaps 2 to 3 percentage points through an expansion of aggregate demand.

But whereas in Jackson Hole he had focused his comments on central banks, yesterday he said that he meant macroeconomic policy in general, including fiscal policy.

Chile resumes its grand sell-off

David Pilling in Santiago details the new state assets coming under the hammer

The minister was adamant. "What business does the state have running an airline? The devil can buy it, for all I care."

The Chilean government is a little more discreet in public, but the minister's remark is an eloquent reminder that Chilean state assets are again going under the hammer.

The privatisation process, all but stalled under the four-year democratic transition, has been revived by the new administration of President Eduardo Frei, which has promised to "open up opportunities for the private sector" by selling off state companies on a "case-by-case basis".

Mr Frei says he does not share the "simplistic notion... that the modernisation of the state entails the stripping of all its power and authority". But private participation is to be encouraged in areas needing "high levels of investment", or where, "given a competitive market, the private sector can operate more efficiently".

Given new spending priorities – specifically a commitment gradually to raise investment in education to 7 per cent of gross domestic product from 5 per cent now – the government is keen to unload some of its spending burden on to the private sector.

The process has already begun, albeit modestly, with the sale of 23.8 per cent of Lan Chile airline for $10.8m (£6.9m). Over the coming months, stakes in electricity, shipping and railway companies will be auctioned off, swelling treasury coffers by some $200m.

"Today there is a different atmosphere surrounding the subject," says Mr Felipe Sandoval, head of Corporación de Fomento (Corfo), the state holding group. Attitudes about the role of the state, which once separated opponents of the military regime from supporters, have begun to merge and the topic has lost much ideological heat.

First on the privatisation list is Edelnor, the northern power utility. The government will sell off its 48.5 per cent stake in stages, with 12-32 per cent due to be divested this year. Mr Sandoval says each 12 per cent tranche should be worth about $30m.

The government also intends to raise $50m of private sector funding for Colbun, the state power utility, in need of investment capital. The full privatisation of Colbun, valued at $400m, will be considered when the government is satisfied that adequate anti-monopoly regulations are in place, Mr Sandoval says.

Empremar and its container unit Transcontainer, which handle about 5 per cent of overseas transport, are also to be sold, pending change of a law restricting private ownership to 35 per cent. A previous attempt to sell the loss-making company, estimated to be worth $20m, failed because of lack of interest in taking on a minority stake.

Various Chilean groups, including forestry companies seeking cheaper access to ports, will in October bid for 51 per cent of Ferrocarriles del Pacifico, the railway cargo division. The winning company, which could pay up to $100m, will inherit 90 locomotives and 5,000 wagons. It will rent use of track from state railway company EFE.

Elsewhere the government is studying partial privatisation of the water and sewerage systems, still inadequate in many districts, and expects to publish recommendations in October.

Eduardo Frei: backing a new privatisation push

The government has already begun, with only limited success so far, to entice private funds into big road-building programmes through a system of concessions and tolls. Mr Eduardo Aninat, the finance minister, has pledged to extend private sector participation to ports and airports.

Separately, Corfo intends to sell $550m of its non-performing debt portfolio – "a reflection of bad loans made in the past" – for which Mr Sandoval expects to raise $100m-$200m.

Some state companies such as Enap, the oil group, and Enami, the smelting agency, are off limits – for the moment at least. More controversial still is Codelco, the world's largest copper company, and still considered the heart and soul of the Chilean economy.

But even here, the government is pushing through reforms which have been labelled by opponents as privatisation by stealth. Codelco recently announced plans to sell a majority stake of its power plant, Tocopilla, valued at $500m-$600m. The group argues that the constitution, which enshrines the nationalisation of Codelco, only covers core mining activities.

Committed both to tight fiscal policy (even more than its prudent predecessor) and to improving education and alleviating poverty, the new administration is refocusing its spending priorities. Part of that strategy involves a diminishing role in projects that smack of big spending – such as roads, power and sanitation – given that the private sector appears willing to bridge much of the investment gap. This, so the theory goes, will allow the state to divert funds to schools, hospitals and deprived regions, where private money is less forthcoming.

US plant spending to rise by 8.8%

By James Harding in Washington

US businesses plan to increase investments in plant and equipment by 8.8 per cent this year, the Commerce Department reported yesterday. The upward revision of the business capital spending survey from June is in line with economists' expectations that capital investment will continue to play a leading role in economic growth in 1994, despite higher interest rates.

The Commerce Department reported that the 5,000 businesses surveyed in July and August said they were planning to spend $638bn (£411.6bn) this year, up from $587bn last year, on constructing and modernising buildings, installing new computer systems and upgrading equipment and machinery. The figures are not adjusted for inflation.

The survey was in line with predictions that investments would rise for the third straight year. Business investment grew by 7.3 per cent in 1993, after a 3.4 per cent rise in 1992. If yesterday's forecast is realised it will be the biggest jump in capital investment since the 1989 increase of 11.4 per cent.

The July-August report is the final estimate of business spending plans for the year and follows the June survey which forecast an 8.3 per cent rise in investment spending this year.

According to the survey, manufacturers plan to increase investment by 7.3 per cent, compared to a 3.1 per cent rise last year. Non-manufacturing businesses said they would increase investment spending by 9.5 per cent, following the jump of 9.3 per cent in 1993.

Industries with the largest increases planned for 1994 are blast furnaces and steel works (39.7 per cent), cars (28.9 per cent), stone, clay and glass manufacturers (21.7 per cent) and electrical machinery (11.3 per cent).

Nissan wins US court ruling on tariffs for multipurpose vehicles

By Michiyo Nakamoto in Tokyo

Nissan has won its court battle in the US to prove that its multipurpose vehicles are cars rather than trucks and thus should carry an import tariff of 2.5 per cent instead of 25 per cent.

The ruling by the US Court of Appeal paves the way for a possible refund of tariffs already paid by Nissan and supports the case of foreign car makers, many of them Japanese, which have been hit by the higher tariff rate on multipurpose vehicles imported into the US.

Nissan, which imported a two-door multipurpose vehicle, the Pathfinder, into the US between 1989 and 1990, was ordered by the US Customs Service in 1989 to pay a 25 per cent tariff rate on the vehicle, which was classified as a truck.

The Japanese car company had been appealing against the classification, saying the Pathfinder should be rated as a passenger car and given the lower tariff rate.

The Pathfinder is manufactured at Nissan's plant in Kyushu, southern Japan.

However, Nissan had stopped exporting the two-door Pathfinder in 1990 and started exporting a four-door version instead, after a ruling in the US classified four-door multipurpose vehicles as passenger cars.

US vehicle makers have been able to use the 25 per cent tariff on imported trucks to secure a growing market for themselves.

One reason for the fall in the Japanese share of the US market in the early 1990s was a lack of multipurpose vehicle models, but the truck tariff rate on imported multipurpose vehicles has not helped their market penetration.

However, the argument put forward by the Big Three – Ford, Chrysler and General Motors – that imported multipurpose vehicles should be classified as trucks has not always been upheld by the authorities.

In 1989, the US Treasury Department ruled that only two-door multipurpose vehicles should be classified as trucks, since their principal purpose could be considered the transport of goods. Four-door multipurpose vehicles, on the other hand, should be classified as passenger cars since their principal purpose was clearly to transport people, the Treasury decided.

Furthermore, with the market largely dominated by US manufacturers, the International Trade Commission was unable to sustain a finding of injury done against domestic vehicle makers when US manufacturers tried in 1992 to raise the tariff rate through dumping action.

Raids expose misuse of Japan's aid programme

Tied overseas assistance helps rich companies rather than poor people, writes Michiyo Nakamoto

The National Maritime Polytechnic in the Philippines, built with Japanese overseas development aid, is equipped to train 700 seamen but to date few have occupied its halls.

A children's hospital in Pakistan had to leave sophisticated medical equipment, purchased with aid from Japan, lying idle because no one could handle the machinery.

Japan's overseas development aid, which at $11.3bn is the largest in the world, has recently been widely criticised as commercially motivated and ineffective.

The raid this week by Japan's Fair Trade Commission on more than 40 companies seemed to confirm what many in Japan had long suspected: that ODA money was being shared by Japanese companies for projects that served their interests more than that of the recipient countries.

The companies, which include some of Japan's largest trading houses such as Mitsubishi and Marubeni, are suspected of forming cartels to pre-determine which companies would win orders for certain ODA projects.

While the raid in itself came as a surprise to the Japanese public, the possibility that such bid-rigging involving ODA projects had been going on, did not.

In 1986, two employees of the Japan International Co-operation Agency (JICA), which is responsible for implementing Japan's aid programmes, were found guilty of accepting bribes from companies keen to win aid projects. Japanese companies have also been suspected of engaging in illicit deals with the government of Mr Ferdinand Marcos, former president of the Philippines.

Japan's aid programme has frequently been criticised for its lack of transparency from the decision-making process to implementation.

"The aid policy is determined by bureaucrats but the implementation is in fact left up to companies," contends Mr Yoshinori Murai, professor at the Institute of Asian Cultures at Sophia University in Tokyo and co-ordinator of the ODA Research and Study Group, a non-governmental organisation.

The accusation applies to less than 20 per cent of Japan's ODA involving grants and technical co-operation aid which is tied, meaning that only Japanese companies can win contracts for building the hospitals, training centres and schools and supplying them with equipment. The remaining 80 per cent of Japan's ODA is untied and last year only 35 per cent of contracts were awarded to Japanese companies.

The latest suspicion of cartel activity is thought to involve, in particular, technical co-operation assistance which, in addition to being tied, is awarded through a designated bidding system. Contracts are not awarded through competitive bidding but are restricted to companies which have registered with JICA.

Furthermore, many of the projects carried out with technical co-operation aid are thought to be recommended to recipient governments by Japanese companies themselves.

Critics say that the need for companies which have invested resources in coming up with aid projects to ensure that they win the relevant contracts, encourages cartel activity and the designated bidding system facilitates such practices.

Foreign ministry officials admit the system has its flaws. "Many weak governments of developing countries do not have the ability to draw up their own projects and JICA employees do not have the expertise to judge the costs of projects and facilities," says one foreign affairs official.

Foreign ministry officials also concede that many ODA projects fail for lack of follow-up activity, but insist recipient countries must eventually look after facilities for themselves. "We provide technical experts to help train local staff but we cannot go on doing so forever. Japan's ODA policy is to encourage self-help," says one.

The foreign ministry, stung by the latest allegations, has asked JICA to consider whether the system needs to be reviewed. In line with a growing trend for greater transparency in Japan's bidding system, JICA should consider providing more information on bids, Mr Murai says. But anything beyond that, such as an ODA basic law, is likely to be resisted by the bureaucrats who have their own vested interests to consider, he says.

Malaysia's planners ride the fast lane

The government is willing to take risks with ambitious projects, writes Kieran Cooke

Dr Mahathir Mohamad, Malaysia's prime minister, yesterday declared open one of south-east Asia's most ambitious infrastructure projects – an 848km expressway stretching the length of the Malaysian peninsula, from the border with Thailand in the north to the causeway to Singapore in the south. Called the north-south highway, it is looked on with pride by Malaysia's planners.

The highway is a vital artery that should relieve transport bottlenecks and promote economic growth not only within Malaysia but between neighbouring countries of Asean (the Association of South-East Asian Nations). It is Malaysia's first big privatised infrastructure project, built without massive government funds and likely to be finished well ahead of schedule.

But there is another side to the highway story. The original cost of the project was put at M$3.45bn ($1.34bn). Cost overruns have resulted in a final bill of nearly twice that amount. Steep increases in toll charges have angered motorists and led to charges of "highway robbery" against the company managing the expressway. There have been criticisms that some work on the highway is below standard: only months after opening, some sections are under repair.

Over the next four years the Malaysian government plans to spend more than M$40bn on various infrastructure projects. By the end of the century that figure is likely to rise to more than M$70bn.

New infrastructure is urgently needed to cope with pressures arising from six years of 8 per cent-plus economic growth. What staggers planners from elsewhere – and sharpens appetites of the world's construction companies and financiers – is that these projects are not being phased over a lengthy period. They are all in progress now, or are about to happen.

On Wednesday, Malaysia lifted a ban on government contracts for British companies. The ban was imposed in February in retaliation for British media reports hinting at corruption in senior levels of the Malaysian government. British companies have been among the most active in trying to win a share of Malaysia's large infrastructure cake.

Malaysia has been a pioneer in south-east Asia in pushing ahead the privatisation process. Dr Mahathir's government has made clear it expects the private sector, rather than the state, to be the main mover behind infrastructure development.

Malaysia has enthusiastically adopted the build-operate-transfer (BOT) concept. Local companies, most in joint ventures with foreign partners, are being told to build their projects, raise the bulk of their own finance and operate facilities for 20 or 25 years, recouping money by imposing tolls or other charges.

With electricity demand increasing at 14 per cent a year, Malaysia has been faced with power shortages. To relieve the burden on Tenaga Nasional, the partially privatised power utility, the government has invited local companies, in joint ventures with foreign concerns, to construct power stations on a BOT basis.

These companies, termed independent power producers (IPPs), are already building five large power plants with a total price tag approaching M$10bn. Siemens, British Gas, Asea Brown Boveri and John Brown are among foreign companies involved.

Much the same principle is behind other infrastructure projects, ranging from a M$10bn international airport south of Kuala Lumpur to a M$2bn light railway system in the capital and a M$6bn national sewerage scheme.

Malaysia is considering applying the BOT concept to a university it plans to open in a joint venture with the University of London. Private developers will build a campus in Kuala Lumpur and recoup costs through student charges.

Infrastructure has caught the imagination of the local stock market. Malaysian companies rumoured to be in line for infrastructure projects have seen a sharp rise in their shares prices. But amid all the euphoria there are question marks over the direction of Malaysian policy.

Much of the planning associated with projects is built on the premise that the country will continue to have soaring economic growth. A downturn could bring serious problems to the companies involved, with revenues from completed projects not matching costs.

Political connections often seem to have been the most important factor in granting infrastructure projects to local companies. In 1988 the Renong Group, then directly owned by Dr Mahathir's United Malays National Organisation, won the privatisation contract for the north-south highway. Renong has subsequently won a wide range of other multi-million dollar infrastructure contracts, ranging from a new bridge linking Malaysia and Singapore to a M$555m contract to build a new stadium complex for the 1998 Commonwealth Games, which will be held in Kuala Lumpur. Competitors say tender procedures are often ignored.

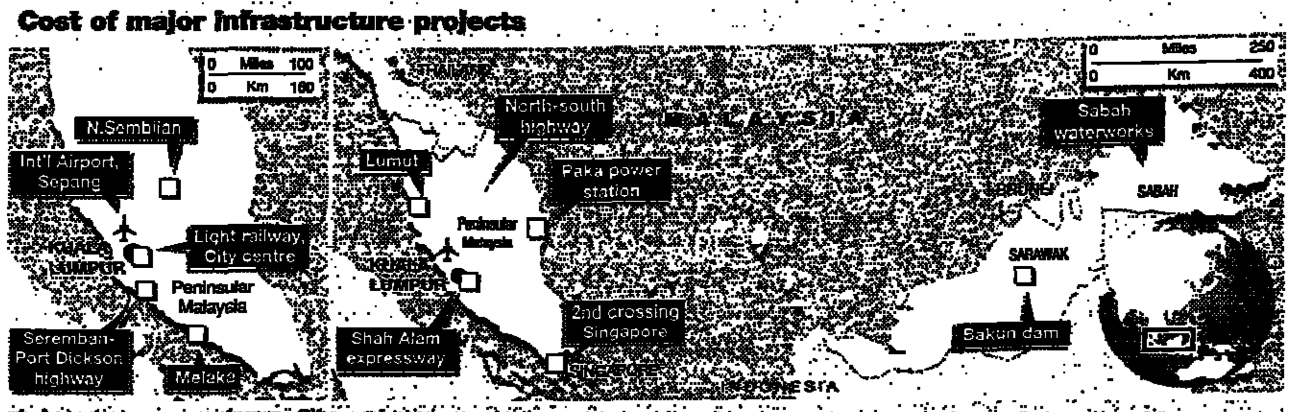
Privatisation and BOT arrangements on infrastructure projects are new ideas, even in the west. There are doubts whether Malaysia has the necessary supervisory apparatus to monitor both the construction and operation of such a vast array of projects. Consumers might raise objections to relatively high charges likely to be charged on facilities like the Kuala Lumpur light railway. Serious problems on such an issue have recently arisen over a BOT road scheme in Bangkok.

There are doubts whether the capital markets, domestic or international, will be willing to risk ploughing such large sums into one area of the economy, without government guarantees. Local banks recently signed loan agreements worth M$5.6bn to finance three independent power projects. Some financiers feel such focused lending is imprudent: it could also put a squeeze on funding for other areas of economic activity.

Critics say some projects are more for prestige than economic necessity. A company in Sarawak, east Malaysia, with no previous experience in the power sector, has been given preliminary approval to build a M$15bn dam, nearly twice the height of the Aswan dam in Egypt. The project not only involves building a dam in a jungle area: an underwater power cable will transfer the power to peninsular Malaysia via a 650km underwater cable – a technical job never attempted before.

Dr Mahathir and his government have shown they are not afraid of risks. "The ability to learn from failures is as critical as the lessons from the success of any experiment," Dr Mahathir told an infrastructure conference earlier this week. "The right approach seems to be to marry boldness with realism."

Cost of major infrastructure projects



Independent power producers	M$ bn	Other projects	M$ bn		M$ bn		M$ bn
Paka, Pasir Gudang	2.60	Kuala Lumpur city centre	3.00	North-south highway	5.90	Shah Alam expressway	n.a.
Kuala Langat	1.80	Kuala Lumpur light railway	0.86	Gas pipeline	2.90	Seremban-Port Dickson highway	0.14
N. Sembilan	0.70	Light railway phase II	1.80	National sewage system	6.00	Steel mills	13.00
Melaka	0.75	Gas distribution	1.40	Sabah waterworks	0.17	2nd crossing, Singapore	1.60
Lumut	3.8	Sepang int'l airport	10.00	Sour crude refinery	5.00	Bakun dam project	15.00

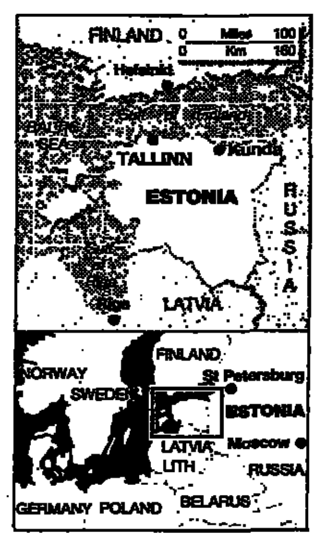
Glasnost for ports in Estonia

By Samantha Knights in Tallinn

The end of Soviet rule has given a new lease of life to Estonia's smaller ports, most of which were closed by Moscow to ensure tight control of the Baltic state's borders. Kunda, a small port 120km east of Tallinn shut down in 1940, reopened last week, enabling cement to be shipped directly to export markets in Germany, Belgium, the UK and West Africa.

The cement is produced by Soviet-era cement works within the harbour and was mainly used domestically and transported by rail.

Kunda, originally founded as a port by Tsar Alexander I in 1805, is well placed for trade with Scandinavia, Germany and the St Petersburg market, and could be used for other goods, said Mr Jan Owren, managing director of Kunda Nordic Cement – the Estonian joint-venture with American and Nordic partners, which owns both the port and the cement works.



Exports are vital for the survival of the Kunda factory, as domestic consumption has plummeted since independence in 1991. Exports accounted for 70 per cent of the 440,000 tonnes of cement and clinker produced last year.

In a test period since May this year, 70,000 tonnes of cement have been shipped out of Kunda, which has a capacity to ship 500,000 tonnes annually. In 1988 more than 70 per cent of the factory's 1.2m tonne output was used within Estonia, much of it by the Soviet army.

The port was financed by Atlas-Nordic Cement, which has a 30.3 per cent share in Kunda Nordic Cement, while the Estonian government has retained 49.9 per cent. The building materials industry is considered an important sector for the country's economy.

Other shareholders include the International Finance Corporation, the private lending arm of the World Bank; the Nordic Environmental Finance Corporation; and the Finnfund.

The development of the port marks the first stage in a three year, $30m project to renovate the factory's Soviet-era machinery, increase capacity (currently 200,000 tonnes annually per kiln), and drastically reduce the dust pollution emitted by the three cement kilns.

"Our aim is to increase capacity by 30 per cent, raise production and make it profitable," Mr Owren said.

Reconstruction of the Kunda port foreshadows the $600m reconstruction of the three big deep-water ports in Tallinn.

EU car dealer rules to be renewed

By Kevin Done, Motor Industry Correspondent

Reform of regulations governing the distribution and sale of new cars within the European Union is expected to be finalised at a meeting of the European Commission on September 21. The motor industry now operates under a so-called "block exemption", which allows car makers to operate selective and exclusive dealer networks in breach of European competition rules.

The exemption was granted for 10 years and is due to expire at the end of June next year. The Commission is expected to approve renewal of the block exemption, which carmakers consider crucial to their ability to maintain their networks of authorised dealers.

The final details of the new regulation are unlikely to be settled until late this year following consultations with EU member states and other interested parties.

An intense debate has been waged between the competition and industry directorates over how radically the system should be reformed in order to improve competition in the European car market. The competition directorate has argued that experience over the last 10 years has shown that the block exemption "has not contributed in any significant way to either the opening up of national markets or to the development of flexible and efficient structures in the distribution of cars and spares".

It has been supported by European consumer groups, which have called for the deregulation of the car market.

Mr Martin Bangemann, industry commissioner, has supported the case for block exemption renewal, however, partly as an instrument for controlling the flow of Japanese vehicle imports into the European Union.

The competition authorities have been concerned that the present distribution system has also contributed to the wide divergence of car prices across west Europe and has served to hinder cross-border purchases of new cars.

The car makers maintain that car price differentials are chiefly caused, however, by currency fluctuations and the wide disparities between the levels of car taxation in different EU member states.

Surge in telecom investment in Asia forecast

By Andrew Adonis in London

A surge in demand from Asia-Pacific countries for investment in their fast-growing telecommunications sectors is expected next year.

Analysis by Salomon Brothers, the brokers, suggests that governments and telecoms operators in the region will be seeking around $7bn (£4.5bn) before the end of 1995 to finance telecoms expansion.

The $7bn is mostly needed to fund the installation of new telephone lines, particularly in those countries where economic growth is racing ahead of telecoms capacity. It compares with barely $2bn raised internationally by the region's telecoms sector last year.

Telecoms privatisations or convertible bond issues are planned or expected in the next six months in Indonesia, India, Malaysia, Thailand and the Philippines.

The largest investment demands are set to come from Indonesia, with about $800m sought internationally for PT Indosat, the international telecoms operator, and from India, where observers believe a similar sum is likely to be sought for VSNL, another international operator.

A $1bn international equity offering for VSNL was cancelled in May, a serious setback for India's attempts to raise funds from the international capital markets. A new equity offering is likely.

Mr Andrew Harrington, Salomon Brothers telecoms analyst in Hong Kong, said international funding was necessitated by the "huge funding gap" for telecoms investment in the region.

Developing countries in Asia-Pacific are seeking to increase their number of telecoms lines from about 64m to 185m over the next decade, at an estimated cost of $200bn. Yet the total cash flow of their telecoms operators available for investment is running at about $12bn a year, leaving a funding gap approaching $20bn a year. The largest single growth market is China.

"The telecoms industry in the region is restructuring rapidly to attract the capital through privatisation, liberalisation and various forms of private sector involvement," said Mr Harrington.

The restructuring has the strong support of the World Bank, which believes that competition through the licensing of new operators is critical to stimulating telecoms investment and improved services in the region.

Thailand has been the developing country most successful in attracting overseas capital in the past year, with new public-private profit-sharing arrangements established to attract foreign investment despite the continuation of a *de facto* state telecoms monopoly.

OECD Export Credit Rates

THE Organisation for Economic Co-operation and Development announced new minimum interest rates (%) for officially-supported export credits for September 15 to 14 October 1994 (August 15 1994- September 14 1994 in brackets).

D-Mark	7.77	(7.47)
French franc	8.40	(8.09)
Guilder		
up to 5 years	7.80	(7.35)
5 to 8.5 years	8.10	(7.70)
more than 8.5 years	8.55	(8.25)
Italian lira	11.11	(10.29)
Yen	4.50	(4.50)
Peseta	11.41	(11.24)
Sterling	9.58	(9.26)
Swiss franc	6.37	(6.16)
US dollar for credits		
up to 5 years	7.50	(7.48)
5 to 8.5 years	7.88	(7.91)
more than 8.5 years	8.06	(8.12)

A premium of 0.2 per cent is to be added to the credit rates when fixing at bid. Interest rates may not be fixed for more than 120 days.

NEWS IN BRIEF

Mexico and Bolivia to sign free trade accord

Mexico and Bolivia are to sign a free trade agreement at this weekend's meeting of the Rio group of Latin American nations, writes Damian Fraser in Mexico City. The agreement will be Mexico's fifth with a Latin American country, following similar accords with Colombia and Venezuela, Chile and Costa Rica. It will come into effect on January 1. Mexico's free trade agreement with the US and Canada took effect on January 1 this year. The agreement is largely symbolic, with bilateral trade some $33m last year, a fraction of Mexico's total trade of $117bn.

Bosch in Korean car parts venture

Kia Motors, the South Korean car manufacturer, will establish a joint venture in Korea with Bosch, the German vehicle parts company, to produce electronic vehicle parts, writes John Burton in Seoul.The Bosch-supplied component technology will enable Kia cars to meet new US regulations on vehicle exhaust emissions. Kia will control 60 per cent of the joint venture, which begin operations in Taejon in 1996. Production will also include air bags, anti-locking brakes, automatic transmissions and electronic control units for diesel engines.

China trade centre for Poland

Guangdong Light Industrial Products and Nanfang International Investment of Hong Kong are due to open a $25m Chinese trade centre 10 miles south of Warsaw next week, writes Christopher Bobinski in Warsaw. The 36,000 sq m centre designed to provide exporters from Guangdong province with a showcase for Poland and other central European countries is the first of its kind in the area and will provide facilities for 130 companies. It is to be followed by a $25m hotel, conference and shopping complex.

Sweden agrees rail link contracts

The Swedish government yesterday agreed to place contracts for a SKr4.5bn ($588m) private sector rail link to Stockholm airport, Reuter reports from Stockholm. The decision confirms contracts for five companies, three Swedish and two British-based, in the construction and engineering consortium Arlanda Link Consortium.

John Mowlem Construction and GEC Alsthom will supply rails, signals and trainsets. Swedish builders NCC, Siab and Kraftbyggarna will do construction worth over SKr2bn.

Hopes grow of relief from early rate rise

By Peter Norman, Economics Editor

Hopes grew yesterday that Mr Kenneth Clarke, the chancellor of the exchequer, will hold back from an early rise in interest rates after a marked narrowing in Britain's visible trade deficit in June and an apparent slowdown in retail sales last month pointed to continued non-inflationary growth.

The Central Statistical Office reported a lower than expected deficit of £690m on Britain's trade with the rest of the world in June, while the Confederation of British Industry's latest survey of the distributive trades suggested that retail sales in August were only slightly up on those of a year ago.

Together with recent indications of slower monetary growth and credit demand, yesterday's economic news reinforced the impression that last year's two tax raising Budgets have rebalanced the economy so that growth is now based more on exports and investment than consumption. If so, the UK recovery, which is now more than two years old, could be entering a more mature phase without threatening to push inflation sharply higher or trigger a crisis in Britain's current account balance of payments.

While the trade figures had little impact on financial markets, the CBI survey prompted prices of government gilt edged stock to move higher as the City reasoned that a rise in bank base rates from 5.25 per cent was less likely.

"This survey should effectively put the kibosh on speculation of an imminent rate hike," said Mr Don Smith, an economist with Midland Global Markets. His hopes were echoed by Mr Howard Davies, CBI director-general, at meeting of business people in Glasgow last night.

"We needed a recovery based more on production, investment and exports than on consumption. So a modest slowdown on the high street is no cause for alarm," Mr Davies said.

Trade unions asked to join Channel link consortium

By Robert Taylor, Labour Correspondent

A number of British trade unions have been invited to join one of the four consortium bids to build the £2.7bn Channel tunnel rail link from Folkestone to London, it was announced yesterday.

The German multinational conglomerates Hochtief and Siemens in alliance with Costains, the UK construction company want the GMB general union, the Transport and General Workers union along with the three rail unions to form a "social partnership" with them in order to construct the 68-mile rail link which is expected to create around 10,000 jobs.

Others involved in the consortia are Nisimatsu, the Japanese company; Hambros Bank and John Prideaux Associates. Mr John Edmonds, the GMB's general secretary, said he was "very excited" by the project. His union is expected to join the consortium whatever the other unions may decide to do. "This is the first time we have ever been approached by a private company to become involved in such a business project", he confirmed.

He would not disclose the amount of money the GMB was prepared to invest nor would he reveal details of the consortium proposals. However, he stressed it was the symbolic significance of union involvement in the project that really matters.

"We have been invited to participate and to contribute money because the companies recognise that working together is better for business and employees. This type of relationship is common on the continent and the social partnership between unions and companies will be the industrial relations model of the future", he added.

All the unions concerned attended a presentation of the project made by the consortium in Blackpool earlier this week. They have yet to respond to the proposal.

The final decision from the British government on who will be chosen to build the link is expected by the autumn of next year and the plan is that the line will be completed in 2003. British unions believe the companies want their involvement, partly because tough European Union building site safety regulations are coming into force on 1 January.

Some union officials also believe that the companies are keen on a joint consortium because of the relative success in management-union co-operation in the building of the Channel tunnel itself.

Rome faces aid charge over oil

By Robert Taylor, Labour Correspondent

Two of Britain's trade unions in the North Sea oil industry are complaining to the European Commission over what they believe to be the unlawful use of £147m worth of subsidies by the Italian government to help in floating ship production.

They are also seeking an urgent meeting with the Department of Trade and Industry over the construction of the Spirit of Columbus floating production facilities at the Fincantieri yard in Genoa for Sana, the Italian subsidiary of the British-owned and Aberdeen-based Midland and Scottish Resources Plc.

Officials from the AEEU engineering and electrical union and the GMB general union released a letter dated 29 July from EU commissioner Mr Karel Van Miert in which he suggested that the Italian authorities had provided only £22m of the £173m production costs for the building of the Spirit of Colombus since it was ordered in 1986.

But the union officials pointed out yesterday – on the evidence of the company's 1993 annual return – that at the "delivery of the facilities" as much as £147m had been "funded by subsidies received or receivable from the Italian government", around 60 per cent of its production costs and not the 12.7 per cent claimed by Mr Van Miert.

In a joint statement the unions concerned said that Britain might have expected to secure 80 per cent of the work for building facilities for the North Sea oil industry.

But they warned that the rapid growth in the production of floating facilities and reduction in requirements for the more traditional fixed platforms could lead to a loss of business abroad to yards not only in Italy but Spain, Singapore and South Korea.

"Every overseas yard presently moving into the building of the floaters has had far greater state aid than is the case in the UK", said the unions.

"If the £147m is not legal then immediate action should be taken. If this kind of subsidy is legal then the UK government will have to ensure our industry is not disadvantaged and similar state aid is made available here".

Tesco threat to buy overseas milk

By Deborah Hargreaves

Mr John Gildersleeve, trading director at Tesco, the UK supermarket chain, yesterday threatened to source a significant proportion of the company's dairy products from the continent if the government does not change plans for opening up the £3.3bn British milk market which are leading to large increases in price.

Mr Gildersleeve's threat came as Mr William Waldegrave, agriculture minister, rejected calls from the Dairy Trade Federation for a referral of the milk market setup to the Monopolies and Mergers Commission.

The Dairy Trade Federation which represents British dairy companies, will apply for a judicial review of the milk market liberalisation on Monday. Mr Gildersleeve called the plans "a retrograde step of the worst order which is inflationary.. and leading to price increases of 20 per cent."

The Milk Marketing Board, the government's statutory purchaser of milk in England and Wales, is due to be abolished at the beginning of November when the market is liberalised. But the board will be replaced by Milk Marque, a voluntary farmers' co-operative, which has already signed up 65 per cent of supplies.

Milk Marque's price auction for allocating supplies to dairies has already led to a jump in price of between 10 per cent and 18 per cent for different types of buyers.

Mr Gildersleeve said he would have no choice but to buy products from outside the UK which would reverse much of the government's efforts of recent years in encouraging supermarkets to buy British in a bid to reduce the £5.6bn food and drink trade gap.

Tesco used to buy all of its fromage frais from France, but in the past couple of years had turned to British suppliers, Mr Gildersleeve said.

Mr Jim McMichael-Phillips, DTF president, said imports would flood into the new market. "For Milk Marque to suggest that its pricing strategy will provide the industry with security and stability in the open market is totally irresponsible," he said.

The milk board will delay the flotation of its processing arm, Dairy Crest, until after the market liberalisation in November.

Britain in brief

Employers seek EU social role

The Confederation of British Industry is reappraising its attitude to the EU's growing social affairs agenda.

A number of its larger company members with widespread interests in mainland Europe believe Britain's employer organisation cannot afford to go on sitting on the sidelines as others decide the content of EU social policy that affects them.

A high level meeting is being planned for later this month between Mr Howard Davies, the CBI's director-general and Mr John Monks, TUC general secretary, which could lead to a significant shift in the CBI's attitude to the EU's social affairs agenda.

The two men intend to try and search for common ground that would enable the CBI to participate fully in the new "social dialogue" approach in Brussels on employment issues. The "social dialogue" is being developed with the encouragement of the European Commission by Unice, the European employers' federation and the Etuc union federation.

US aerospace market move

Small UK aerospace equipment suppliers are to join forces with the support of the Department of Trade and Industry in an effort to improve their export performance in the lucrative US aerospace market.

Under a scheme called Partnership Marketing Initiative launched yesterday by Mr Richard Needham, the trade minister, a group of UK companies will jointly fund and operate a sales and marketing company to help increase their penetration of the US market.

The UK suppliers grouped in the new marketing company will not compete against each other and plan to employ a US national to market their products in the world's biggest aerospace market.

About 60 per cent of the world's aerospace products are bought in North America, the DTI said. The UK aerospace industry's share of this market was only 6 per cent last year.

Local sourcing survey flawed

A survey which showed an alarming drop in the value of components which electronics companies in Scotland obtain from plants based locally was flawed, it emerged yesterday.

According to the original survey the Scottish electronics industry obtained only five per cent of its material inputs from Scotland in 1994, compared with 12 per cent in 1992, despite a 16 per cent rise in the industry's turnover to £9bn.

Yesterday Speed (Scottish Partnership in Electronics for Effective Distribution), said its survey had failed to take account of components imported into Scotland which contained items originally manufactured in Scotland and then exported for assembly elsewhere.

The original survey caused some disbelief when it first appeared in July. The final survey showed that 32 per cent of components come from the Far East compared with 24 per cent in 1992, with 25 per cent coming from the US (1992: 24 per cent). The value of Scottish-sourced inputs rose from £590m in 1992 to £660m in 1994.

Speech device under test

A consortium of European Universities and companies is developing a device that will enable people who cannot talk to hold a natural-sounding conversation using speech synthesised by a computer.

Two prototype devices are already under test. The consortium is confident that a working device will be available within 2½ years, said one of its members, Dr Iain Murray, of Dundee University, who spoke at the British Association science festival in Loughborough.

Vehicle output jumps 28%

Registrations of new commercial vehicles rose by 19.9 per cent last month to 37,259 in contrast to sales of new cars, which rose by only 2.8 per cent year-on-year.

The recovery in sales of vans, trucks and buses has spread to all sectors of the market including purchases by small businesses.

Sales of trucks in August, the most important month for new vehicle sales, jumped by 27.9 per cent to 6,282, with a particularly strong increase in the sale of trucks for the construction sector and also for long distance haulage. Commercial vehicle registrations are an important economic indicator, and sales in August were sharply higher than a year ago.

Forte close to Savoy success

The Forte group's 13-year battle to take control of Savoy hotels appeared closer to success last night with the expected departure over the next few days of Mr Giles Shepard, Savoy's managing director and Forte's arch foe.

Savoy's board is unlikely, however, to announce a final peace agreement between the two sides when it meets next Tuesday. Instead, it is expected to try to find replacements for Mr Shepard and for Sir Anthony Tuke, the chairman, who wants to retire.

The board, under new leadership, would then resume discussions on plans to merge Savoy's hotels – which include the Savoy, Claridge's and the Connaught – with Forte's luxury establishments. Mr Shepard's position has been weak because of Savoy's poor financial performance. The group's pre-tax profits last year were only £725,000 on turnover of £83.3m.

Charges after decoding probe

Two men have been remanded in custody charged with conspiracy to defraud British Sky Broadcasting, the satellite television venture, following a police investigation into the alleged illegal sale of pirate satellite decoding cards.

MANAGEMENT

A group of black City workers tell **Joel Kibazo** why their forum can benefit everyone

A special City club

Ashley Ashwood

Forum members: Paul Campayne, Alan Smith, Marlene Cassell and Raymond Whyte

Phillip Wright, loans manager at Banco di Sicilia, an Italian banking group, reflects on his 23 years of working in the City of London. "I've seen racism in the City, no doubt about it. I think I could have done better had I been white given my experience and the work I've done."

He adds: "The only reason I've survived is because I've played the game, but guys I've worked with at the same level over the years now earn double what I earn so things haven't changed that much."

It was an attempt to change the way that black people working in the world of business and finance are perceived that Wright and several other black professionals came together to form the African & Caribbean Finance Forum (ACFF) four years ago.

The group now has 70 individual members, drawn mainly from the world of banking and finance, although there are plans to extend the catchment to other areas of business and outside London.

Paul Campayne, a bond strategist at Paribas Capital Markets and current chairman of the ACFF, says: "Several black people had been meeting informally since the early 1970s so we decided to put a structure to an informal network."

The aim of the forum, he says, is to advance, develop and promote black people in the world of finance and business. That has so far mainly been carried out through networking of members and non-members by which "we offer each other expertise about our work experiences and a shoulder to cry on if necessary. The idea is to pull each other along", says Campayne.

Seminars are also held, addressed in the main by black British luminaries such as Diane Abbott, MP for Hackney South, and broadcaster Trevor Phillips, head of current affairs programmes at London Weekend Television.

The speaker at a seminar in June was Courtney Blackman, a former governor of the Central Bank of Barbados, and in July the group held a weekend workshop on career planning.

Campayne is sensitive to charges that the ACFF could be seen as a separatist organisation. He says: "There are a lot of city clubs and societies. We are no different from those. What we are about is enhancing black people's ability to get on in the business and financial world. We want to try to open as many doors as possible. We welcome anybody who wishes to help us further our objectives."

The ACFF believes it has a strategic role to play, particularly among potential employers, and is especially keen on personal and career development – for both black and white staff.

Campayne says: "As a group we have a lot of expertise in various fields and there is no reason why an employer wishing to send a signal to the rest of the staff can not use one of us. For the black members of staff, often in very junior positions, they would have a role model. For white staff and management, 'it would show there are black people with professional skills that can actually do things."

ACFF is also keen to highlight its potential to act as ambassador for the business and finance world to the black community as a whole and the younger generation in particular. Committee members have visited Middlesex and Coventry universities to speak to black and other ethnic minority students. "There are still very few black people working in this area so we say to young black students 'you too can have a career in finance and business. This is how you go about it'."

Business and financial institutions have been eager to embrace the group and this year Midland, National Westminster, Barclays and Standard Chartered banks signed up as corporate members. Other institutions have also lent a helping hand. The Banking Information Service helped with printing material while the Bank of England and Bankers Trust have provided venues for meetings.

Andi Constantinides, equal opportunities manager at Midland Bank, the group's first corporate member, believes membership provides a useful link with its staff. "We can use it as a sounding board for ideas on equal opportunities, while the staff can use the forum to share their experiences at Midland and learn about experiences elsewhere. We also hope to use it in devising in-house seminars and conferences," she says.

Midland plans to hold an evening reception soon when it will introduce its black staff to the ACFF.

For David May, head of equal opportunities at National Westminster, which became a corporate member in July, there is a double reason for joining. Not only does it "give us an opportunity to develop an understanding of this important group of professionals", but it also "gives a clear corporate message to our existing and potential staff that we value people's individuality".

The forum says several employers have expressed interest in ACFF, helping them to find black professionals and managers. A committee member says: "There are companies that want to broaden the background of their employees but have simply not known how to go about it."

Black professional groups have long been a feature of the US corporate sector, as have affirmative action programmes to assist black people to advance up the corporate ladder. The ACFF has already been in touch with counterparts in the US but dismisses calls for affirmative action in the UK.

Alan Smith, a manager in the regulatory advisory unit of the financial sector group at KPMG Peat Marwick, and a committee member, says: "I don't believe in affirmative action. It is only useful in extreme circumstances. It can do more harm especially when simply increasing the number of black people employed is the objective, rather than to get good people. We are focusing on the talent there is and inviting the British corporate sector to take advantage of it."

Campayne says: "There are things we can learn from the Americans but you can't just transport an American model here. The circumstances are different."

Raymond Whyte, a manager in the international trade and finance division of Standard Chartered Bank, has been working in the City for more than 15 years. He says: "Things are changing in the City but we as a group are here to help that process along. I'd like to see us become an established part of the City and the business world."

CHRISTOPHER LORENZ

How to turn signals into knowledge

From Peter Drucker to Alvin Toffler, most western business sages have been arguing for the past few years that information and knowledge have replaced capital, labour and other physical resources as the key differentiators in global competition.

In simple English, that means companies need to grow much more adept at creating innovative products and services ahead of their rivals. To do so, they must become better at detecting external information which is relevant to them, and adding value to it internally. That, in turn, requires them to become "learning organisations". This is a tough task for any sizeable company, but especially for a multinational with far-flung operations around the globe.

The trouble is that most western managers suffer from rampant confusion about the nature of information. So they fail to use knowledge effectively, and are wrong-footed in the market by their more aware Asian rivals.

In a brave bid to rectify this deficiency, the research arm of PE International, a UK management consultancy, has just published a useful report called Understanding Information*. It examines the nature of information, the mental processes by which it develops growing levels of meaning, and how individuals and organisations can become better at adding commercial value to it.

The report suggests that the creation of information is sparked by a series of raw "signals" of various kinds, including visual, verbal and tactile ones. This raw data is then transformed into information by being sieved through each individual's "mental model" – the implicit attitudes, experience and view of the world that most people's minds take for granted.

A more conscious form of processing then establishes the significance of that information to the individual, who acts on it accordingly. Feedback from the results of that action then sets the learning cycle in train again.

Good users of information understand their mental models, make their assumptions explicit, and have effective feedback and learning mechanisms, says the report.

The problem with this picture is twofold. First, few western individuals or organisations are as effective learners as that. Second, it assumes that most information is either already explicit, or can quickly be made so. In a phrase, it deals better with the way information is processed and used than with how it is created.

For a deeper understanding of that we must turn to Ikujiro Nonaka and Hirotaka Takeuchi, two Japanese professors who are writing a book, to be published next year, called *The Knowledge-Creating Company***.

In a fascinating preliminary paper presented this summer at an international symposium of academics organised by the Stockholm School of Economics, the duo argued that the global success of Japanese companies has been due, above all, to their ability to create new knowledge, to disseminate it throughout the organisation, and to embody it into products, services and systems.

Western managers suffer from rampant confusion about the nature of information

There is a simple reason, say Nonaka and Takeuchi, why western writers and managers tend not to address the question of how to create organisational knowledge: that they have a deep-set view of organisations as machines for processing existing information.

This view, argue the professors, is ingrained in a century of western management thought. It sees knowledge as necessarily explicit – something formal and systematic, which can be expressed in words and numbers, and easily communicated and shared.

Japanese companies, says the duo, have a very different perception. They recognise that the knowledge expressed in words and numbers represents only the tip of an iceberg. They view knowledge as primarily "tacit" – rooted deeply in the action and experience of individuals, and not easily visible. It is hard to express, to formalise, and to communicate.

Nonaka and Takeuchi's analysis becomes particularly helpful when, using practical examples from Japanese industry, they distinguish between various ways in which tacit knowledge can be mobilised.

First – and most surprising at first sight – they show that it can sometimes be transferred between individuals without becoming explicit. Honda and parts of Matsushita are particularly adept at doing this, they claim.

But the key to knowledge creation is the conversion of tacit knowledge into the explicit variety. This is far from easy, given that possessors of tacit knowledge may not always "know what they know", so to speak. The academics show how Canon, Honda and Matsushita accomplish this transfer process by encouraging teams to use metaphor and analogy to loosen up their thinking.

In their discussion of how organisations can stimulate what they call a "knowledge spiral", Nonaka and Takeuchi also draw on research within NEC, Fuji-Xerox, Nissan and other companies. Among other points, they stress the importance of creative chaos, or "reflection in action"; the need for employees to have constant access to information that may in the short term seem redundant or irrelevant; and the importance of flat and flexible organisation structures which foster collaboration between people of diverse disciplines and ways of thinking.

To the western mind trained to seek maximum simplicity, this may all seem like theoretical overload. It is not. By combining psychological analysis with practical managerial research, the two academics paint a vivid picture of the complexities of life inside vibrant, creative organisational systems of the kind that more western company must become if they are to survive in the knowledge society.

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TECHNOLOGY

This week saw the launch of the UK's first comprehensive product database for the financial services industry.

The development comes at a time when insurance companies, investment houses and financial advisers are under intense pressure to improve product design and value for money for customers.

The Aequos database is the brainchild of The Research Department, a team of seven consultants with experience in life assurance, pensions and investment.

While other databases tend to specialise in a narrow range of products sold through independent advisers, Aequos includes all products irrespective of distribution channel or whether or not commission is payable to advisers and salesmen.

The technology applied to the database makes this a practical business tool, which is simple to use. It costs £5,000 a year per module – or individual product group – of information. The full package costs £20,000 a year. The programme, which is updated monthly by disc, runs on any IBM compatible PC using the Windows operating system.

Even technophobes will find the operating instructions easy. After signing on to their computer and clicking on to the Aequos icon, users are in the database and can go on to select an area of interest, pointing the cursor, and clicking the mouse.

Aequos covers the entire range of regulated and many general insurance products. The system includes more than 100 insurance companies, 200 personal equity plan (Pep) providers, 300 investment trusts and 1,400 unit trusts. The latter three groups account for more than 200 investment managers.

Mark Hayes-Newington, director of The Research Department, said: "The system is designed to give skilled staff more time to spend using information instead of losing time collecting it. Moreover, Aequos tells you not only who does what but how well they do it."

The products fall into four categories, each with its own subsections.

- Pensions, including personal pensions, self-invested personal pensions (SIPPs), phased retirement plans, expatriate pensions, executive plans, small self-administered schemes, funded unapproved retirement benefits (Furbs) and transfer plans.
- Investment, including annuities, back-to-backs (hybrids that combine two or more products to meet a specific need), savings plans, maximum investment plans (Mips), endowments, peps, bonds, investment trusts and unit trusts.
- Protection, including term assurance, whole of life, permanent health insurance (PHI), private medical insurance (PMI), long-term care and critical illness.
- Group (company schemes), including pensions, life, PMI and PHI.

Debbie Harrison on a new database designed to ease product comparison in the financial services industry

Finding the best performers

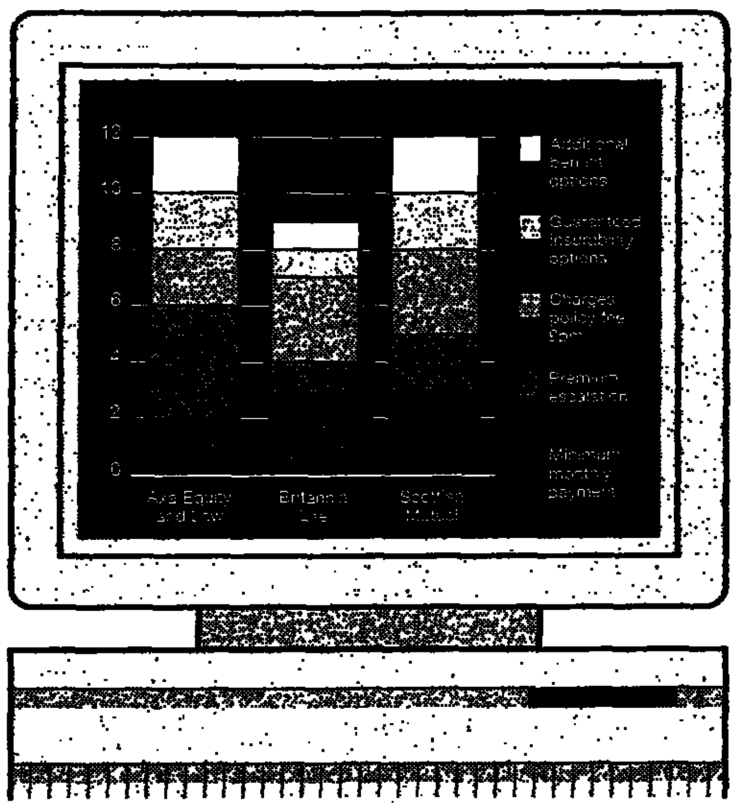


Chart shows how users might compare companies selling the same sort of product – in this case unit-linked whole of life policies. Scores are given by the database analysts from 1 – 5 for a range of features selected as important to the customer

A fifth module, of company profiles supplied by consulting actuaries AKG, offers analysis of a company's structure, management, sales data, financial strength, investment policy, administration and service efficiency, and distribution channels.

Changes in the regulation of investment products, which come into force in January next year, have encouraged many providers to redesign investment and savings products to compete in what is expected to be a much more demanding, consumer-led market.

At the core of Aequos is a series of product tables with details on more than 60 product features ranging from charging structures, flexibility and performance to the small print on loyalty bonuses and segmentation of insurance company pension policies.

Users keen to analyse products in depth can "interrogate" the key tables for detailed technical specifications.

Providers who want to assess their brand's competitive position in the market will find all the primary research at their fingertips. A brand can be checked against competitors or against a select number on the basis of particular features.

The Research Department, which is independent of the financial services industry, ranks and benchmarks product features in a process known as Data Numerical Analysis, which gives a standard measure for comparison purposes.

Users highlight the relevant products and instruct the system to make the comparison on the basis of a self-selected list of criteria. For example, a life office wanting to launch a new personal pension aimed at younger people would be keen to check that its plan compared well on flexibility of premiums so that the client could stop and restart contributions to suit his or her changing work patterns.

Aequos users can compare and rank products by any combination of providers and by any number of features. Product comparisons are presented in a graph.

The system allows users to switch quickly from tables to technical pages to examine detailed policy information and to clarify any confusion. Direct comparison of technical information of several providers simultaneously is possible through the Windows system. Sales data from the company profiles module can also be ranked and sorted.

Swift and accurate comparative analysis allows providers to pinpoint where their own products excel and fall short, and to target improvements and new launches.

This will prove a welcome change to the more costly, complex and inefficient scatter-gun approach now used, whereby providers design "me-too" products that include every feature imaginable.

General Accident is one of several large insurance companies in the UK that have signed up for the full service.

David Heslop, marketing manager, said: "Quality and timely information is what marketing is all about and there is no doubt that the Aequos system will provide this. Using the database will make us more efficient and cost-effective. This will translate into better product design and distribution, which ultimately will mean better value for money for our customers."

John Green, information services manager at Norwich Union, said: "At present our product analysis relies on a paper-based system and direct contacts. My next project was to try to design exactly the system Aequos offers so its arrival on the scene was very timely."

A third heavyweight insurer, Commercial Union, has also signed up. Ian Frater, information manager, says the system will "improve the efficiency and accuracy of our marketing department".

Aequos also offers a range of services for financial advisers according to need and pocket. Large firms covering all markets are likely to prefer the full service to identify the most competitive products for clients.

The comparative analysis facility will help advisers to demonstrate the respective merits of shortlisted products, while the link to Micropal statistics on investment performance allows the adviser to cross-check relative performance – a vital ingredient in the product selection process.

Specialist firms of advisers can buy individual modules while small firms will be interested in the "best advice panel" service. By law, independent advisers are expected to broke the entire market to select the right products for clients, a time-consuming and expensive exercise.

Using Aequos, advisers identify the key criteria for product selection for their client base. This is fed into the system which produces on disc a shortlist including the most attractive products and providers based on the adviser's own criteria.

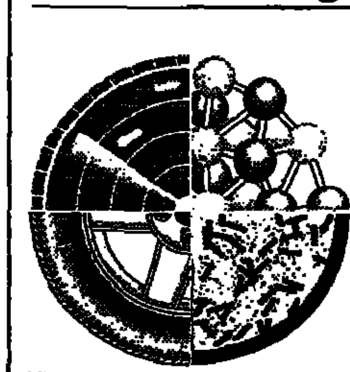
Early next year, a real charge analysis system will be added. Under the new regulatory regime providers must tell customers exactly what their charges are and how they impact on the investment returns throughout the term of the contract.

Until July this year, providers were allowed to disguise real charges by using an industry standard formula in their investment projections.

Best advice under the new regime will require advisers to demonstrate a detailed knowledge of product charges. Once this information is on the Aequos system, real charges can be taken into consideration along with other product features.

Product details: Aequos is available from The Research Department Ltd, Brands House, Kingshill Road, High Wycombe, Bucks HP13 5BD. Tel: 0494 714040. Fax: 0494 718080. The programme runs on IBM compatible PCs using the current Windows operating system. The Research Department installs the database, provides training and a helpline service.

Worth Watching · Vanessa Houlder



Magnetic sensors to direct blind

A town in Sweden has installed a system based on magnetic sensors to help blind and partially-sighted people find their way around.

The Hanmyo system, which was developed by NEC, the Japanese group, consists of ferrite particles embedded in paving slabs on a designated route through town. These interact with a magnetic sensor incorporated within the user's white cane, causing the cane to vibrate when it comes in contact with the ferrite pavements. At certain points in the town, the cane activates loudspeakers which provide information on street names and potential hazards.

This is the first Hanmyo system to be installed in Europe, although 100 similar systems have already been installed in buildings and streets in Japan.

NEC: UK, tel 071 353 4383; fax 071 353 4384

Method unearthed for drying wood

Scientists at the University of St Andrews have developed a process, called supercritical drying, to treat wooden objects after they are unearthed from an archaeological excavation.

It involves soaking the wood in methanol to replace the water, after which the wood is placed in a chamber containing carbon dioxide in the form of dry ice. The methanol is then dissolved out of the wood by warming the carbon dioxide to the point when it becomes a "supercritical fluid". In this state, the carbon dioxide is a high pressure gas, which has the advantage that the wood is not subjected to drying stresses when it is removed.

The university believes this system is an advance on conventional drying methods, which involve impregnating the wood with polyethylene glycol. This accelerates the corrosion of metals, making it unsuitable for objects made from both wood and metal, such as knives.

University of St Andrews: UK, tel 0334 62530; fax 0334 62570

Softer stance to trench digging

Ground containing buried electrical cables or gas pipes is usually dug up by hand to avoid damage by the hard-cutting teeth of conventional excavators.

Concept Engineering Group, a Pittsburgh-based engineering company, has designed a trench-digging machine that avoids damaging cables and pipes by using supersonic jets of air to crumble the soil, after which the soil is scooped up using a vacuum system.

The system, which was designed for the Electric Power Research Institute of California, is now being modified in the hope that it can be used for environmental waste clean-ups and bulk material handling.

Concept Engineering Group: US, tel 412 826 3191.

Keeping tabs on chip-making

The reliability of the manufacturing methods used to build high-temperature superconducting chips has been improved by a technique originally developed for the semiconductor industry.

Thomas Swan, a Cambridge-based equipment supplier, working in conjunction with Superconductor Technologies of California, has built a chemical vapour deposition system for coating thin-film wafers with a high-temperature superconducting material.

The system incorporates monitors to control the exact composition of the growing films, which will reduce the frequency of defects.

Superconductor Technologies, which is developing high-temperature superconductors for microelectronic applications, says the new method will replace its existing laser-based deposition system. It expects it will increase its manufacturing capacity 20-fold and cut costs by a third.

Superconductor Technologies: US, tel 805 683 7646; fax 805 683 8527

PROPERTY

The end of an affair

Pension funds are shunning property, says **Simon London**

UK pension funds have fallen out of love with property over the past 15 years. The weighting of property within the average pension fund investment portfolio has fallen steadily from a peak in the late 1970s. Since occupational pension funds control assets of about £450bn, this dwindling interest can hardly be good news for commercial property values. By the same token, the market would benefit if pension funds could be tempted back into the fold.

The extent of the shift away from property is difficult to judge. In 1979 the largest pension funds – represented by W M Company's top 50 schemes – held 27 per cent of their assets in property. This share had fallen to 7 per cent by the end of 1993. But smaller funds were never as enthusiastic as their bigger peers. The administrative burden of owning property is more difficult for small funds to cope with. Alternatives to direct ownership, such as investing in property unit trusts, have drawbacks, such as lack of liquidity when the market is falling. According to performance measurement company CAPs, the average pension fund now has only 1.6 per cent of its assets in commercial property.

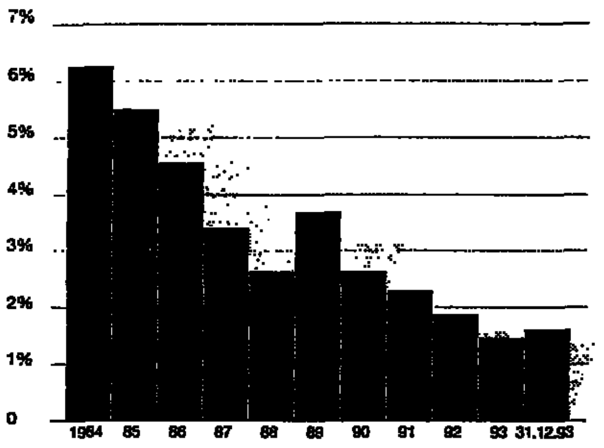
The decline in property weightings is partly due to the poor performance of property relative to other financial assets – especially equities – during the 1980s. Even if pension funds did not sell property, the property share tended to shrink as a proportion of total assets. But neither did pension funds purchase additional property to keep their investment mix steady. Fund managers and their actuarial advisers were happy to drift towards equities.

The reasons for this change of heart are complex. The indifferent investment returns from property during the 1980s led to some disillusionment. The introduction of index-linked gilts may also have played a part, by offering fund managers a hedge against inflation of the type traditionally provided by property.

The gradual ageing of pension schemes is another factor. Funds which cover a high proportion of people approaching retirement are more likely to invest in bonds – which are a better match for their liabilities – than equities or property. Very mature funds also tend to favour liquid investments which can be realised easily if required to meet pensions obligations.

Falling share

Pension funds' property holdings as % of total assets (figures are Jan 1)



Source: CAPS General Report

The government's white paper on pension reform, published in June, could lead pension fund managers further away from property. By linking pension liabilities to gilts for the purposes of a statutory solvency test, the proposals are likely to swing the investment pendulum in favour of bonds and away from property.

The politics of investment management may also have played its part. Fund managers competing for pension fund business are unwilling to risk having their investment performance tarnished by a heavy weighting in favour of property which can not be reduced quickly if the market turns sour. Big pension funds which manage money themselves can afford to take a long term view. It is no coincidence that they are powerful advocates of property.

Fund managers have become less tolerant of illiquid assets such as property

The property profession may also be to blame for not keeping pace with the professional standards set in the equity and bond markets. Fund management, valuation, rent collection and transaction fees tend to discourage fund trustees and eat into investment returns which are already lower than equities.

"The profession has in the past shot itself in the foot," said Mr Nigel O'Sullivan of consulting actuaries Bacon & Woodrow. "Although some are now making amends, the question is whether it is too late." For all but the largest funds, illiquidity and administrative hassle are powerful reasons to steer clear. Securities linked to property values – such as Barclay's £150m issue of Property Index Certificates launched earlier this year – could, in theory, get round both problems. But there are few potential issuers. Barclay's is unusual in having more property assets than it wants. It was therefore happy to issue a matching liability which reduced its overall exposure.

Still, such instruments could allow pension funds to move in and out of property at lower cost. If more issuers can be found there are plenty of fund managers prepared to argue that pension funds should take advantage. They point out that the link between property values and the performance of equity and bonds is low. Investing in property can therefore protect the value of a fund when other markets are falling.

"There is a strong diversification argument in favour of property," said Mr Roy Peters, head of pension fund investment at British Gas Pension Fund Managers, which manages £8.4bn assets. "This year could bring home to many pension funds that property can do well even when other financial assets are suffering."

Just because equities have outperformed property in the past there is no guarantee that they will do so in future. On a long-term view, the performance of equities through the 1980s was exceptional and – in the view of many actuaries – unsustainable. If the gradual shift of pension funds into equities provided fuel for a 10-year bull market, shares could suffer if funds now shift back into bonds as a result of the proposed solvency test.

It is equally possible that the underperformance of property during the 1980s was partly caused by lack of support from pension funds. The average yield on investment properties rose steadily from a trough of 4.4 per cent in 1974 to 8 per cent in 1992. It is no coincidence that pension funds were reducing their exposure during this period.

Looked at another way, as pension funds have matured and other financial markets developed, fund managers have become less tolerant of illiquid assets such as property. If the illiquidity premium they demand for holding property rather than equities or index-linked bonds has risen, property yields may never fall back to the levels of the 1970s. Unless, that is, the industry can find ways of making the business of investing in property more user-friendly.

For fund managers prepared to take a long-term view, property yields in 1992 were nevertheless cheap. There has been a modest increase in property weightings as a result. If the trickle of pension fund money back into property over the past two years is to be more than a temporary move, though, the industry will have to try harder to accommodate these powerful investors.

PEOPLE

BTR talks about its next generation

Alan Jackson, chief executive of BTR, regrets that yesterday's concern over pressure on the industrial conglomerate's profit margins may have overshadowed what he describes as a "very significant" trio of appointments to the group's main board.

Jackson, an Australian, is 58 – as in a few days will be his American chief operating officer, Bob Faircloth. Group policy is that executives retire at 62, so although the succession is not an immediate issue, Jackson says it is important for BTR to bring on the "next generation".

The three new executive directors are Chris Burns, a 51-year-old Englishman; Paul Buysse, 49, who is Belgian; and John Thompson, a 47-year-old American.

Burns joined BTR in 1991 through the group's £1.55bn acquisition of Hawker Siddeley, where he was director of the aerospace division. His responsibilities have expanded and he is now one of the group's regional chief executives, overseeing businesses which include batteries, aerospace, valves and construction.

Buysse, who speaks several European languages, joined BTR in 1988 as group managing director of Hansen Transmission International. He became a regional chief executive in February and has responsibility for businesses such as Brook Hansen Motors and Dunlop Slazenger.

Thompson joined BTR in 1976 through the acquisition of Stowe Woodward Industries. As a regional chief executive, his groups are predominantly US-based and include paper technology, US motors, meters and control systems and the manufacturer Rexnord.

Faircloth says he worked closely with Thompson in the US over the past 10 years and describes Burns as a great strategic and lateral thinker. Jackson says he is delighted that in Buysse, BTR has finally got a non-Anglo Saxon on its board.

Allyn Risley (above) has been appointed chairman and managing director of Phillips Petroleum Company UK. He succeeds Bill Parker, who is returning to the company's head office in Bartlesville, Oklahoma.

Risley, who has had a previous posting in the UK, hopes to expand the company's British activities, especially in the growing market for natural gas. The company is developing new North Sea gasfields, and has a joint venture with Southern Electricity to market gas directly in the UK market.

A petroleum engineer by training, Risley has spent 17 years away from his native America, including stints in Indonesia and Singapore, as well as the Middle East.

Risley and his family will be moving to Phillips UK headquarters in Woking.

■ Andrew Cox, formerly finance director of BICC Cables' energy cables division, has been appointed finance director of BICC CABLES.
■ David Lilley is appointed md of INNOVEX UK after two years as md in Germany.

Electronic switches

■ Graham Matthews, formerly a director and general manager at GEC Plessey Telecom, has been appointed to the board of TUNSTALL GROUP and chief executive of its newly created telecommunications division.
■ Peter Turner, formerly head of sales and marketing at Epson (UK), has been appointed marketing director of OKI SYSTEMS (UK).
■ Robert Price, formerly a director of Kalamazoo, has been appointed chairman of WESTBASE TECHNOLOGY.
■ John Paul, formerly head of Compaq Computer's systems software organisation, has been named senior vice-president, product and business development, at BANYAN SYSTEMS.
■ Philip Cousins (below), formerly md of AB Automotive Electronics which was recently acquired by Siemens, has been appointed md of SIEMENS Automotive Systems, the majority-owned joint venture with Ford.

■ Graham Harrison (above), formerly commercial director of Galileo International, has been appointed md of EDS' financial services division.
■ Alistair Crawford, formerly vice-president, strategic bids, CSC Europe, has been appointed president of COMPUTER SCIENCES CORPORATION UK division; he succeeds Richard Dicketts who becomes senior vice president, strategy and operations Europe.
■ Ray Fortune, formerly coo of Kendall Square Research, has been appointed senior vice-president international at EMC.
■ Tom Weanie, formerly UK sales director at GPT, has been appointed vice-president of European operations for WALL DATA.
■ Geoff Chapman, formerly director of news products development at Reuters, has been appointed md of Synergo Technology, which has appointed Michael Le Houx, formerly finance director of P-E International's computer services business, as director of finance and internal operations.

Bodies politic

Christine Laird, Derby's director of housing and environmental services, has been appointed chief executive of the Chartered Institute of Housing. The institute, which has 12,000 members, represents housing professionals, with the bulk of its members working in local authority housing or for housing associations.

Aged 38, Laird has experience of most aspects of public housing. She started as a trainee housing manager in Birmingham's housing department in 1974 and worked her way up to housing centre manager.

After a period as housing director of Copec housing trust, she returned to municipal housing as assistant city housing officer for Worcester. She was deputy housing director of Leicester City Council before moving to Derby.

A vice-president of the institute, she is currently a member of the Northern Ireland Housing Policy Review Group and principal adviser on housing to the Association of District Councils.

Derby is one of eight local authorities piloting compulsory competitive tendering in housing management for the Environment department.

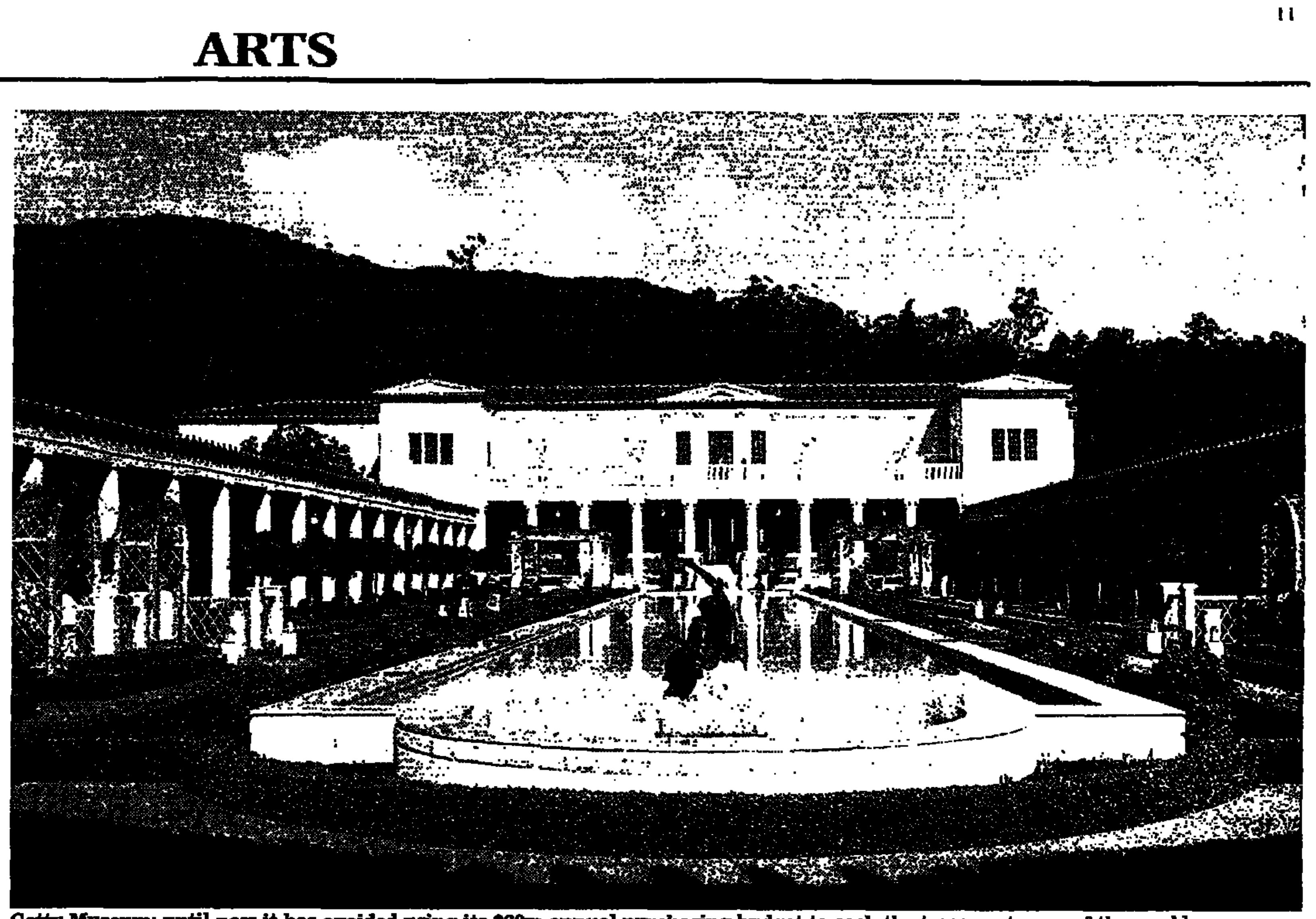
Laird will take up her new post in December, succeeding Peter McGurk, chief executive for the past 12 years. McGurk becomes managing director of Inside Communications, the institute's commercial arm which organises conferences and produces publications on housing.

■ Hamish Leslie Melville, chairman of Dunedin Fund Managers, has been elected chairman-designate of the Council of the NATIONAL TRUST FOR SCOTLAND.
■ Peter Cowling, director of naval operations at the ministry of defence, has been appointed director of the ROYAL SOCIETY for the encouragement of Arts, Manufactures and Commerce, to succeed Christopher Lucas.
■ John Woodthorpe, group company marketing executive at BICC Cables, has been appointed to the advisory board of LANCASTER UNIVERSITY's Management School.
■ Diana Kahn, currently working in the efficiency unit in the Cabinet Office, has been appointed deputy director general of the OFFICE OF THE NATIONAL LOTTERY.

ARTS

Carving out a drama in the courtroom

Sore about its treatment by the UK government, the Getty is determined to win possession of the Three Graces. **Antony Thorncroft** reports



Getty Museum: until now it has avoided using its $60m annual purchasing budget to sack the treasure troves of the world

Today the never-ending saga of the Three Graces moves into the courtroom. A judge will decide whether the complaint by the Getty Museum of Malibu, California, that the British Government has broken its own rules on the export of works of art, has substance.

It is amazing it has come to this. The Getty, the most generously endowed museum in the world, with a $4bn bequest from oil billionaire J. Paul Getty to administer, has always prided itself on playing fair, on not using its financial muscle to rampage through the treasure troves of nations.

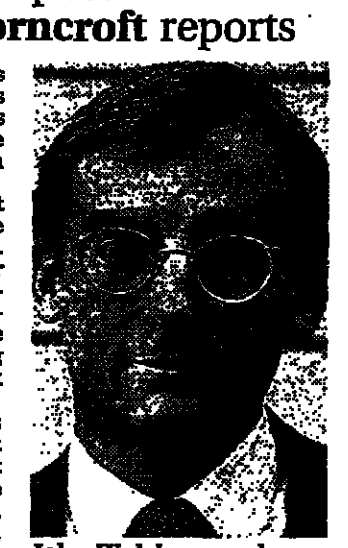
It expects governments to play fair too. But having waited since 1989 to take possession of Canova's statue, which it bought for £7.6m, and confident that the August deadline postponing its export from the UK would be the last, the Getty is up in arms at the unexpected delay. This enabled Timothy Clifford of the National Galleries of Scotland to ride belatedly to the rescue and unearth two rich friends of the UK, John Paul Getty II and Baron Thyssen, who have promised £1m and £800,000 respectively to save the Three Graces for the UK.

No wonder the Getty's mild mannered director John Walsh is roused. "We have been treated shabbily," he said. "The government has changed its own rules and ignored its own deadlines whenever it was convenient. What's at issue is not just the Three Graces: it is the fair administration of the export review system in Britain."

Few objects of art more suit the Getty than the Three Graces. Getty loved antiquity. His museum is fashioned after a Roman villa which disappeared on the eruption of Vesuvius. Canova's fantasy of the daughters of Jove embracing in marble harks directly back to classical times.

A visit to the Getty on its hillside perch confirms that the Three Graces would fit beautifully into an airy alcove there, alongside statues, framed by the fountains, shrubs and frescos of the museum and with the Pacific Ocean in the distance. The likely loss of the statue has put iron into Walsh's soul. It is not the first time the Getty has been pipped at the post. A Duccio painting and a Bernini bust were also retained in the UK thanks to the Clifford-Getty II partnership.

Despite an annual expenditure budget in excess of $200m, the Getty Trust, which administers the museum, has traditionally behaved prudently. "We have not used our cheque book to pay over the odds, nor have we hidden behind false identities," says Walsh. The trust has played the game, respecting the national heritages of the European countries which mainly hold the objects of art it seeks. "We only succeed in acquiring about one object in every four or five that we would like," says Walsh. In the future this restraint in spending the $60m or so a year the museum sets aside for acquisitions may be loosened.



John Walsh: roused

Apart from the increasingly restrictive export policies for antiques operated by European Union nations, the Getty imposes its own checks on acquisitions. It respects the passions of its founder, who mainly bought antiquities, Renaissance and Baroque paintings and European decorative arts. Its collection does not contain anything made after 1900, its painting display culminating in a selection of dramatic works by Ensor, Munch and, most notably, Van Gogh – a version of "Irises" which at more than $40m was the Getty's most expensive single acquisition.

The 1900 time limit is unlikely to change, though Walsh has cast off some of the self-imposed limitations: there is little point having so much potential buying power if you do not try to form the finest collections in the world in certain fields.

So the Getty has focused on photography. Its collection of more than 60,000 images, from Fox Talbot to American 20th-century greats such as Weston – Walsh says a photography archive stopping at 1900 is a nonsense – is considered the ultimate. Selective collections of drawings and manuscripts have also been assembled.

But to the visitor the eye catchers are in the traditional areas: the antiquities, purged of the rogue fake; the paintings, from Rembrandt to David and including the most expensive Old Master ever acquired at auction – Pontormo's portrait of Cosimo de Medici, which cost $35m in 1989; and the panelled rooms displaying an ornate procession of French design, from Régence through Rococo to Neo-Classical.

By 1997 a new museum, built atop a nearby hill with views across Los Angeles, will open. Called the Getty Center,it will cost $700m and be four times larger than the villa, which will remain the home of the antiquities.

The rest of the collection, including many objects currently warehoused, will move into a museum campus designed by Richard Meier. It is the construction of the new museum which is absorbing most of the Getty's invested revenues, though there are still millions to spare each year for conservation projects and scholarship.

Although running two museums plus satellite activities will increase the operating costs of the Getty Trust, the completion of the Center will leave more money to spend. The Getty will want some fine objects to fill its new galleries but it is finding it ever harder to acquire them. Walsh admits this is a growing problem. Most of the pre-1900 masterpieces are safely ensconced in museums worldwide.

The Getty can, however, make private deals: it recently acquired a very fine Tiepolo through Switzerland. In spite of Walsh's protestations it certainly pays top prices. Perhaps Turner's dramatic seascape "Von Tromp doing the will of his Master" is just about worth the $17m the Getty paid, but other recent payouts, such as £4.95m for a Goya bull fighting scene and $11m for a Sebastiano portrait of Pope Clement VII, look on the high side.

These paintings were bought openly. The worry is that, affronted by the delays and the dubious justifications of the UK government over the Three Graces, the Getty will be inclined to go behind backs and negotiate privately with British aristocrats, German princes, and French counts.

At the moment the art market is still suffering from post-recession blues and little of unquestionable brilliance is coming forward. In a year or two the Getty, with its bulging pockets, will be ready to power the market's revival, while at the same time showing less sensitivity to national pride.

Venice Film Festival

Mixed blessings on offer in the first set

Nigel Andrews views some multi-nation hybrids

Planning a film festival programme is like seeding a tennis tournament. How do you place your best players for maximum effect? How do you make sure Antonioni does not knock out Bergman in the early rounds – by colliding too closely in the viewer's first-week memory – or that the final head-to-head is not between Mr Unheard-Of from Thuringia and Miss Token Feminist from Thirdworldia?

Venice's Gillo Pontecorvo decided on a bold solution this year: schedule all the resistible stuff in the first four days, and clear the courts for a final week of Ermanno Olmi, Wim Wenders, Woody Allen, Oliver Stone and other class players.

This is good news for almost everyone. The only loser is the critic writing on the morning of the fifth day. Peering into his memory bank, he sees a jumble of nightmare celluloid more suggestive of a mad scientist let loose in a genetic engineering lab than of opening days at the movie equivalent of Wimbledon.

There was the Anglo-Macedonian film about civil war, *Before The Rain*; an Anglo-Hungarian offering about magic bullets and mystical rabbits, called *Magic Hunter*; an Italian-Hungarian-Croatian film about bull-stealing, *Il Toro*; the Italian film called *Lamerica* that never got to L'America; and the New York-set drama *Little Odessa* in which an Austrian (Maximilian Schell) and two Brits (Tim Roth and Vanessa Redgrave) play a Russian-American immigrant family.

We know co-productions mean multi-national investment, but this is ridiculous. The best two films at Venice so far – may the lesson be learned – were the mono-cultural *Long Live Love*, a Taiwanese production, and the almost likewise *Loaded*. "Almost" because New Zealand director Anna Campion, sister of Jane of *The Piano* fame, strayed into Britain to make this psycho-drama-cum-black-comedy. But then no two cultures are more compatible than those of NZ and the UK. Same language, same repressive wholesomeness, same ability to find nightmares under the tea table.

The film is about seven youngsters dossing in a country mansion making a horror video. In the process they uncover secrets about themselves which prove more X-certificate than the shoestring shocker they are shooting – this being a kind of splatter version of an Esther Williams musical.

Campion's first feature is hauntingly assured. It takes what could have been a ragbag of moth-eaten conventions – old dark house, sexual-jealousy chamber drama, idiot-youth comedy a la *Withnail And I* – and after briefly deconstructing each, quilts them seamlessly into collective character study.

The film is deeply imaginative in its use of different visual modes (video, celluloid) to underscore different states of mind. And it is frightening precisely because it goes beyond Gothic into a grand guignol of the mind.

Long Live Love, from Taiwan's Tsai Ming-liang, goes one better than transmuting yesterday's genres: it invents one of its own. How do we describe this maze-like essay in minimalism about two young men and a young woman who wander in and out of each other's lives and in and out of a single empty apartment?

The film is like Jacques Tati and Roman Polanski meeting in a Mondrian painting. The glacial apartment has the eroticism of vacancy. Together and singly the trespassing characters act out their fantasies, comic and melancholic, while the camera roams over the sign language of the lonely. Hints of auto-eroticism, more-than-hints of transvestism, displays of paranoia or wayward passion. And when togetherness accidentally happens, touches of Feydeau farce creep into the bleached geometric existentialism.

Is this apartment a symbolic womb – a pre-guilt playroom for the human soul? Is it a maze for experimental human mice? Or is it . . . ?

It could be all and any of these; the movie has a perfect, daring openness. It comes without "message" and virtually without dialogue. Yet it is so wittily styled, so playful in its cross-pollination of lives and fetishisms, that the interpretative choices are rich.

So even the best-laid plans of "worst first" tournament devisers can go wrong. Besides, if you get fed up with the official event at Venice there are always the friendly fixtures on the outer courts. Veterans like King Vidor don their full "retrospective" kit and prance about on the prescribed rectangle: you can see the master's greatest silent hits from *The Big Parade* to *The Crowd*. And you can enjoy one-off exhibition matches from the likes of Kon Ichikawa, Oscar-winning British animator Nick Park (of *Creature Comforts* fame) and the late Rainer Werner Fassbinder.

There is Hollywood too, that eternal tennis circus tramping the globe and celebrated in this year's Venezia Notte section: floodlit knockouts between Tom Hanks (*Forrest Gump*) and Arnold Schwarzenegger (*True Lies*), Harrison Ford (*Clear And Present Danger*) and Jack Nicholson (*Wolf*). Even in a bad Venice year – or a bad Venice week – there is something for everyone.

Proms / **Richard Fairman**

Unifying sounds

Berlin, Cleveland, Los Angeles, Dresden and Pittsburgh: the visiting orchestras marking the climax of the Proms' 100th season have assembled from the world's musical capitals. It is not entirely a coincidence that they all come from either Germany or the US. Between them those two countries can boast an enviable proportion of the top international orchestras.

This year the Dresden Staatskapelle followed hard on the heels of the Berlin Philharmonic, and making comparisons between them is inevitable. In a unified Germany the orchestras of east and west have found themselves rivals for the country's accolade as number one. Usually one would expect the Berlin Philharmonic's uniquely rich sound to make it a clear first choice, but that was not how it seemed after the Dresden Staatskapelle's concerts on Tuesday and Wednesday.

The two cities are fortunate their orchestras are so different. Berlin represents the future capital's proud self-confidence; Dresden is old-world grace and quiet authority. There was a natural sense of scale in the Dresden players' music-making, which allowed every point to register easily, not just the big, barnstorming moments which made an impression with Berlin.

The first of the Dresden concerts opened with understated performances of Weber's Overture to *Euryanthe* and Dvořák's tone-poem *The Wood Dove*. Colin Davis has become an ever subtler conductor in recent years, and the unforced musicality of the Dresden orchestra makes them well suited to each other. In works which the players know backwards, like Beethoven's "*Pastoral*" *Symphony* in the second Prom, he is content to lean back and leave them to play. The peasants' dance was more a bucolic minuet. The thunderstorm movement was music first, storm second – all of impeccable quality.

As a young man, Davis was renowned for his fiery championing of Berlioz, but one would not immediately have recognised that here. Maybe the orchestra has the upper hand in the relationship, for the Dresden Staatskapelle does excel at bringing a classical sense of order and proportion to everything it plays. Unfortunately, Berlioz's *Symphonie fantastique* is music at the other extreme, the outpouring of a fevered and irrational mind, flirting with chaos. This Dresden performance never surrendered to its passions. It was immaculately controlled and unexciting.

The second Prom was the better of the two. As well as the Beethoven, there was Brahms' *First Symphony*, an honorary classical symphony if ever there was one. Davis worked the orchestra harder in this and there was more drive and tension to the playing. Even so, the symphony has never sounded less like an old warhorse, thanks to the elegance of the wind playing, the subtlety of the balance, the refusal to countenance noise or bombast. Among the ranks of international orchestras the Dresden Staatskapelle ranks as a thoroughbred.

Appearance of the Dresden Staatskapelle sponsored by Dresdner Bank

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INTERNATIONAL
ARTS GUIDE

Kandinsky and Mondrian

To mark the 50th anniversary of the deaths of two great pioneers of modern art, the Fundació la Caixa in Spain has organised a comparative study of the Russian-born painter Vasily Kandinsky and the Dutch master Piet Mondrian. The exhibition opens at the Fundació's Sala de Exposiciones in Madrid next Friday, and will move to Barcelona in mid-November.

The purpose of the show is to draw attention to the parallels as well as to fundamental differences in the evolution of the two painters, before they reached their mature idiom. Born within a few years of each other (Kandinsky in 1866, Mondrian in 1872), both began as figurative painters. Both developed different abstract styles. Kandinsky passed through a personal adaptation of Fauvism to arrive at a free-form abstraction, whereas Mondrian embraced Cubism on his way to a geometric idiom. Both painters exerted a strong influence on modern art on both sides of the Atlantic.

The exhibition, entitled Two Roads Toward Abstraction, covers the years 1900-20, but includes a few later works. It is based on 35 canvases by Kandinsky and 56 oils, drawings, watercolours and gouaches by Mondrian. There are important loans from the Met and Guggenheim in New York, the Pompidou in Paris, the Munich Lenbachhaus and the Stedelijk in Amsterdam. This is not a travelling exhibition, so it will not be seen outside Madrid and Barcelona.

■ **EXHIBITIONS**

AMSTERDAM

Rijksmuseum The Renaissance Print 1470-1500. Ends Oct 30. Closed Mon

Van Gogh Museum Van Gogh's Self-Portraits. Ends Oct 9. Daily

ANTWERP

Hessenhuis-Museum Music and Painting in the Golden Age: 50 paintings by 17th century Netherlandish masters. Ends Oct 30. Closed Mon

ASCONA

Casa Serodine Alberto Giacometti: drawings and lithographs by the sculptor and painter, plus photographs of the artist by his friend Ernst Scheidegger. Ends Oct 22

BALTIMORE

Museum of Art Benin - Royal Art of Africa: more than 100 works, including brass figures of animals and humans, carved ivory and wooden sculptures, from the ancient kingdom which now forms part of southern Nigeria. Ends Oct 30. Closed Mon and Tues

BASLE

Kunstmuseum Fernand Léger (1881-1955): an exhibition devoted to one of the key painters of the modern world. It focuses on the major creative period from 1911 to 1924, with more than 100 exhibits from international museums and private collections. These include The City from Philadelphia, The Smokers from the Guggenheim, the Stair paintings from Stockholm, Zurich and the Thyssen collection, and numerous works from Basle's own museums. Because Basle has such an extensive collection of modern art, this exhibition is able to show Léger's work in the context of his forerunners and contemporaries. Opens on Sun, till Nov 27. Closed Mon

BERLIN

Brücke Museum Early Kandinsky: a show devoted to a little-known period in the German expressionist painter's development, before he made his first abstract painting in 1910 at the age of 44. Ends Nov 27. Closed Tues

CHICAGO

Art Institute Odilon Redon: 180 works by the late-19th century French painter-poet. Ends Sep 18. Goya: 100 small-scale paintings. Ends Oct 16. Daily

ESSEN

Villa Hügel Paris - Belle Epoque: an evocation of the period from 1880 to 1910 with paintings, drawings, posters, photographs, glass and furniture. Ends Nov 13. Daily

FLORENCE

Museo Pecci The Last Dreams of Joan Miró: some lesser-known late works lent by the Pilar Foundation, which was set up by Miró in 1981, two years before his death. Ends Oct 30. Daily

GLASGOW

Hunterian Art Gallery James McNeill Whistler: portraits, nude studies, streetscapes, nocturnes, seascapes and river views by the American artist, drawn from Glasgow University's collection of his pastels, watercolours and prints. Ends Oct 17. Closed Sun

HILDESHEIM

Roemer und Pelizaeus Museum China - Cradle of Culture: a survey of Chinese art and culture from the third millennium before Christ until the 19th century, including ceramics, porcelain, metal sculptures, paintings, calligraphy and textiles. Ends Nov 27. Daily

LEIPZIG

Museum der bildenden Künste Lucas Cranach (1472-1553): an important retrospective of the German Renaissance master, whose work ranged from biblical scenes to the female nude. Ends Nov 6. Closed Mon

LONDON

British Museum Greek Gold - Jewellery of the Classical World. Ends Oct 23. Daily

Royal Academy of Arts The Belgian Avant-Garde 1880-1900. Ends Oct 2. Daily (advance booking 071-240 7200)

Courtauld Institute The Samuel Courtauld Collection of Impressionist Paintings. Ends Sep 25. Daily

Tate Gallery Turner's Holland. Ends Oct 9. William Blake - Art and Revolution: an exhibition focusing on the English artist's output in the 1790s. Ends Oct 16. Daily

Heinz Gallery Charles Rennie Mackintosh - The Chelsea Years 1915-23: a re-examination of the Glasgow artist's achievements in London, focusing on avant-garde textile and graphic designs and his largely unrealised architectural projects. Ends Oct 29 (Royal Institute of British Architects)

MANTUA

Palazzo Te Leon Battista Alberti: the first exhibition ever to be devoted to the Renaissance genius. He not only left a legacy of marvellous buildings (two in Mantua), but his brilliant theoretical works on painting, sculpture and architecture made those arts respectable in the 15th century, on a par with literature and philosophy. Opens tomorrow, till Dec 11. Closed Mon

NEW YORK

Metropolitan Museum of Art The Annenberg Collection of Impressionist and Post-Impressionist Masterpieces. Ends Nov 27. Dali - The Early Years. Ends Sep 18. Pharaoh's Gifts - Stone Vessels from Ancient Egypt: 140 highly artistic stone vessels, including cosmetic containers, figure vases and ritual vessels, dating from about 3200 to 465 BC. Ends Jan 29. Closed Mon

Whitney Museum of American Art Joseph Stella (1877-1946): more than 200 works by the American modernist. Ends Oct 9. Closed Mon

PARIS

Centre Georges Pompidou Joseph Beuys: retrospective of one of Germany's leading avant-garde artists of the postwar period. Ends Oct 3. Closed Tues

PRAGUE

Convent of St Agnes of Bohemia Chinese Ceramics: 150 items from the National Gallery's collection, offering a historical and evolutionary survey from the Neolithic period to the era of the art's ultimate flourishing in the 19th century. Ends Oct 30. Closed Mon (U Milosrdnych 17, Stare Mesto)

ROME

Palazzo delle Esposizioni Louisa Nevelson: 77 "large originals" by the American sculptress who died in 1988. This is her first major European retrospective. The show's centrepiece, Night Wall-Frozen Laces (1976-80), is so large and complex - six metres by three of black-painted steel - that a special dismantling and reconstruction team has had to accompany the sculptures from their permanent sites at the Whitney Museum and Museum of Modern Art in New York. Ends Oct 31. Philipp Hackert (1737-1807): Italian landscapes. Ends Sep 30. Closed Mon

Villa Medici Paintings, sculpture and photographs by four of last year's artists in residence at the French Academy in Rome. Ends Oct 2. Daily

WASHINGTON

National Gallery of Art From Minimal to Conceptual Art - Works from the Vogel Collection: 90 drawings, photographs, paintings and sculpture by contemporary artists, including LeWitt, Christo, Ryman, Beuys and Flavin. Ends Nov 27. Daily

WOLFSBURG

Kunstmuseum Jean-Marc Bustamante (born 1952): the first show of work by a contemporary artist in the big hall of Wolfsburg's new museum, and an acid test for the Toulouse-born artist's large steel sculptures – do they defend their autonomy, or is the hall like a whale, devouring sculptures as if they were plankton? Ends Nov 27. Closed Mon

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ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV

(Central European Time)

MONDAY TO FRIDAY
NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

MONDAY
NBC/Super Channel: FT Reports 1230.

TUESDAY
Euronews: FT Reports 0745, 1315, 1545, 1815, 2345

WEDNESDAY
NBC/Super Channel: FT Reports 1230

FRIDAY
NBC/Super Channel: FT Reports 1230
Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports 2230
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A little more to gnaw away

Bernard Simon on separatist pressures resurfacing in Quebec

Every Quebec nationalist remembers the evening of May 20 1980. The Parti Québécois government had lost a referendum in which it had hoped to gain a mandate to separate from Canada. At the end of an emotional speech to thousands of downcast supporters at a Montreal arena, the PQ's leader, Mr René Lévesque, sounded a consoling note: "*A la prochaine*." Till next time.

The drive towards that next time is set to begin on Monday. If opinion polls are correct, Quebeckers will sweep the separatists back into power in a provincial election, ending nine years of rule by the Liberal party, which wants Quebec to remain part of Canada. The PQ has promised it will immediately prepare for another referendum in 1995 to decide whether Quebec, the uniquely French-speaking corner of North America, should go it alone.

The possibility that the world's second biggest country will split up is likely to heighten nervousness among investors holding Canadian bonds and doing business in Quebec. Already there is evidence that the uncertainty is having an economic cost: Quebec's bonds offer a higher return than any of Canada's other nine provinces, except impoverished Newfoundland.

Changes in Quebec and in its relations with the rest of Canada over the past 14 years have undoubtedly narrowed the odds on an eventual break-up. Quebeckers already regard themselves in many ways as a separate nation. Their blue-and-white *fleur-de-lys* flag is more in evidence on the streets of Montreal and Quebec City than the Canadian maple leaf.

"The only reason countries stay together is because they share a common vision and a culture," says Ms Rita Dionne-Marsolais, who is expected to be a minister in the new PQ government.

The tide of nationalism is sufficiently strong that Mr Daniel Johnson, the current Quebec premier expected to lead the Liberals to defeat, felt obliged to apologise in the campaign for having said he was first and foremost a Canadian.

Quebec separatism was fuelled in the 1980s by the federal Conservative government under Mr Brian Mulroney who, unlike Mr Pierre Trudeau in the 1970s, sympathised with Quebec's demands for greater autonomy. Mr Mulroney's Conservatives also depended on Quebec nationalists for election victories in 1984 and 1988.

Mr Johnson and other present-day federalists have had difficulty countering the separatists' argument that the rest of Canada has become a burden on Quebec. Ottawa's debt has swollen to the point where one-third of revenues are channelled into debt-service payments. The separatists also point to costly duplication of services between the federal and provincial governments, among them skills training. And a panoply of internal non-tariff trade barriers, such as provincial government procurement preferences, often makes it more difficult for Canadian companies to trade across provincial borders than to export to the US.

"There is one government too many," says a senior PQ official.

Many Quebeckers also bristle at real and perceived slights from English-speaking Canadians. Bilingual signs in faraway Calgary and Vancouver are dismissed as tokenism. "There's more interest in learning French in New York or in San Francisco than in Toronto," says Ms Dionne-Marsolais.

Federalists hope Monday's election result will reflect little more than Quebeckers' wish for a change of government. Despite the ebullience of nationalists, opinion polls confirm a clear (and growing) majority of Quebeckers is opposed to a total break from Canada.

The business community has kept a low profile during the election campaign. "I'm not nervous at all," says the head of one of the province's biggest financial institutions. "There's a consensus among French-speaking businessmen that this is an election, not a referendum. The real fight will be the referendum."

But the risk is that the separatists, once in office, will be well placed to influence public opinion. The PQ has pledged immediately to pass a "solemn declaration" in Quebec's national assembly affirming its desire for negotiations leading to independence and to draft a new constitution.

A separatist government is also expected to provoke confrontation with the rest of the country to prove its point that Canada is unworkable in its present form. The PQ's current leader, Mr Jacques Parizeau, has, for example, given notice that he has little interest in talks on reforming Canada's social-security and healthcare systems, which are administered by the provinces but largely funded by Ottawa.

Unlike in 1980, the PQ will be backed by a sizeable contingent of separatists in the federal parliament in Ottawa. Its recently created federal counterpart, the Bloc Québécois, won 54 seats in last year's general election, making it the official opposition. The BQ's leader, Mr Lucien Bouchard, is widely considered the shrewdest political leader in Quebec.

One big stumbling block for the PQ, however, is that its strategy for independence depends heavily on co-operation from the rest of Canada. The PQ hopes Ottawa would support a sovereign Quebec's admission to the North American Free Trade Agreement (Nafta). It would expect an amicable division of the federal debt. And the PQ envisages that an independent Quebec would still use the Canadian dollar, and that Quebeckers would not lose their Canadian passports.

"I don't expect goodwill, I just expect reasonableness," says one senior PQ official.

But such reasonableness cannot be assumed. A raft of potentially explosive issues is bound to surface. Aboriginal people, who claim title to vast tracts of Quebec, are opposed to independence and the PQ cannot take the loyalty of French-speakers in Canada's armed forces for granted.

Perhaps most worrying for ordinary Quebeckers is whether their government pensions, as well as their retirement savings held by Toronto-based financial institutions, are secure. Many remember the capital flight from Quebec before the 1980 referendum which helped accelerate Montreal's replacement by Toronto as Canada's financial centre.

With both sides wielding such powerful arguments, a referendum – if it takes place at all – will undoubtedly be a more bitter affair than Monday's election. One sure bet is that the uncertainty which will prevail as Mr Lévesque's "next time" approaches will do neither Quebec nor the rest of Canada much good.

Joe Rogaly

Euro-dust in their eyes

Nothing creates more dust in British politics than a row about Europe. The foggy English mind, ever less self-confident, falls to pieces when it contemplates political life across the Channel. This has bedevilled discourse for 40 years, and may do so for as long again. The "William and Mary lecture" delivered by the prime minister at Leiden on Wednesday would serve as a model text for students of self-frustrating rhetoric, were it not primarily intended to maintain the fragile balance of opinion within the Conservative party. Mr John Major did his best, but it was the Tories' best, and that explains everything.

For example, the prime minister sought to dispel what he called a "ludicrous caricature" of Britain – that it is interested in no more than a "glorified free trade area". He did not mention the well-known views of his predecessor, now a caricature of her former self, or her remaining acolytes, whose devotion to the single market is exceeded only by their detestation of its institutional implications. Nor did Mr Major dwell on the fact that it was the then Mrs Margaret Thatcher's attitude to Europe that led to her defenestration, while he depends for his continuance in office on the acquiescence of his party's Euro-sceptics.

Only intellectual squirmers could call for a multi-speed Europe with one breath and then whinge about not being in the fast track with the next. Hold on, it may be protested, that is not quite fair. A fast track confined to a small elite *should* be rejected. "I recoil from ideas of union in which some would be more equal than others," said Mr Major. "No member state should be excluded from an area of policy in which it wants and is qualified to participate." If he was thinking of the policy document put forward by Germany's CDU last week, it is true that it alluded to a core comprised of "five or six countries". (Translation: Benelux plus France and Germany.)

The CDU paper did, however, go on to say: "This core must not be closed to other member states; rather it must be open to every member state willing and able to meet its requirements." If that is a first division, it is one with an open door. Perhaps the prime minister was thinking of the rather more provocative formulation of the same idea by Mr Edouard Balladur. If the account I have is right, the French prime minister observed that "for long years to come, Europe will consist of a central homogenous core, made up essentially of France and Germany".

Only intellectual squirmers could call for a multi-speed Europe with one breath, and whinge about not being in the fast track with the next

All of this is posturing. In spite of Maastricht, the European Union is still a collection of independent states, bound by treaties. It is what Mr Major, and General de Gaulle before him, proclaimed that it should be. Opt-outs, derogations, empty chairs, vetoes and all the other familiar devices ensure that this congeries of nations is in permanent negotiating session. The French and Germans may often lead, but they do not inevitably get their way, as the prime minister's recent veto demonstrated.

The much-feared "super state" will only be born when – if – a group of countries forms a single economic unit, in which a single currency is managed by a supranational central bank. Such a unit would be something more than a vast debating chamber in which sovereign governments traded concessions. It would indeed be an embryo United States of Europe. Benelux-France-Germany would doubtless constitute the initial agglomeration. The reasons why this may never happen are often rehearsed, but a British government should act on the assumption that it will.

What follows then could be the principal question of British politics in the mid-1990s. Mr Major's opt-out, famously won at Maastricht, leaves it open to a future administration to decide whether to race to catch up or, instead, to stay out of a first-division, upper-tier, fast-lane, Franco-German, single-currency core. Heaven and Mr William Cash alone know what the prime minister's response would be.

Mr Major may never be put to this particular torture. When (if) make-up-your-mind-up time comes, the prime minister could well be Mr Tony Blair. His position is quite clear. It is firmly and unwaveringly on the fence. "Exclusion would carry an economic downside," he said during the contest for leadership of the Labour party, "both in terms of the perception of the long-term strength of the UK economy and of our attractiveness for world investment." Plain enough. Except that "on the other hand, the price of joining without genuine convergence may, precisely because of underlying economic weakness, be too high to pay".

The Labour leader does have one advantage over the prime minister. Mr Major is obliged by his precarious political situation to sound unenthusiastic about strengthening the institutions of the EU; he must focus on enlargement. Mr Blair leads a party of recent converts to the European mirage. He is happy to embrace the social legislation shunned by the Conservatives. He can say, as he has, that the purpose of accepting further integration "is not to deny our sovereignty, but . . . to extend our sovereignty by deciding that our future prosperity depends on co-operating with other nations . . .". He can talk Europese; Mr Major can only speak Klingon.

Britain's European policy ought to have a single objective: to get into the lead and represent British interests. That might have meant establishing a threesome with France and Germany, but successive British governments have been too inconstant for that. It could have meant becoming an unofficial leader of the smaller countries, but we have seemed too anti-federal for that. Mr Major is winning some support from the Dutch and the Italians, but he would be unwise to bank on either.

In spite of his cautiousness, Mr Blair is better-placed. He can appeal to the pro-European streak in the British psyche. When Labour turned against the then Common Market, it split. Its new leader cannot compete with Mr Major for the allegiance of Euro-sceptics. He could, instead, make his cleverest colleague, Mr Robin Cook, shadow foreign secretary. He might then set him the task of convincing the electorate that a Labour government would end the long record of Britain's failure to establish a lasting, satisfactory relationship with the EU. We might even believe him.

LETTERS TO THE EDITOR

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Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Strong arguments for mutual ownership

From Mr Gavin Hill.

Sir, I read with interest Alison Smith's article "Mutual destruction" (September 5). While I can only write on the subject of mutual life assurance companies, I would, with authority, venture to suggest that there is a very strong argument for the continuation of this class of financial institution.

Although a large number of mutuals will have far fewer owners than would result in them enjoying "a one-in-a-million say" in strategy, I would suggest that this is irrelevant, since the same is undoubtedly true of the majority of proprietary institutions where, however wide may be the ownership, control invariably vests with a small number of highly influential investors, many of whom will themselves be financial institutions.

Smith dismisses the value-for-money arguments which justify mutual ownership. Take for example, however, the case of a 25-year endowment assurance. Typically, the shareholders, in a proprietary office, take out more money over the term than does the life office, to cover expenses, and the sales outlet, for commission, *put together*.

Should the Treasury encourage de-mutualisation, this would hold no terror for us. But there would be a clear loss to future policyholders and, indeed, the UK economy.

Gavin Hill,
managing director,
National Mutual Life Assurance Society,
The Priory,
Hitchin,
Herts SG5 2DW

From Mr Donald H Kirkham.

Sir, Your article "Mutual destruction" presented a one-sided analysis of the disadvantages of the mutual form of corporate organisation and the advantages of the plc form.

There are three key advantages in retaining mutual building societies:

- Building societies offer a better service to their customers than other organisations. Market research undertaken by BMRB International shows that, compared with other institutions, building societies are much more likely to be perceived as dealing with their customers fairly, more likely to be understanding of their financial problems, more able to communicate with their customers, taking complaints more seriously, and not pestering their customers about their service.
- Building societies offer lower mortgage rates and higher savings rates than their competitors. A recent survey by the specialist magazine, What Mortgage, shows that, of the 20 institutions which have charged least interest on their mortgages over the previous ten years, 19 were building societies. In contrast, of the most expensive 20 institutions seven were banks. Similarly, banks rarely feature in the "best buys" analyses of savings products.
- Diversity of business organisation. It is unlikely that one particular form of corporate body embodies within it all the attributes necessary to create the perfect organisation. Mutuals and plcs each have their own characteristics, and it is likely that the economy as a whole is stronger if the two forms of organisation are able to compete with each other.

Donald H Kirkham,
chairman,
The Building Societies Association,
3 Saville Row,
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W1X 1AF

Speed differential in Europe is a fact

From Mr Peter W Barker.

Sir, As we move from discussing a two-speed Europe to a multi-speed and now a two-tier Europe, politicians manoeuvre and the prime minister, John Major, seems to have forgotten his triumph at Maastricht in "winning the argument about Britain's right to opt out of parts of the treaty".

Of course, as everybody knows except the British (and the Italians?), a multi-speed Europe was a reality well before Major accepted paternity at Maastricht. Sadly, what seems to be missed by both the British and Italians in the debate about Europe is their relative isolation, a geographic fact linked to an associated cultural effect.

In Tuesday's front-page article, your headline reads: "Kohl plays down plan for multi-speed EU". In most countries except the UK and Italy, what matters is not that such a thing is, or might be, planned: after all, it is actually happening before our very eyes.

Apparently, the British are unable yet to bring themselves to realise, as the Dutch have done, that their prosperity and influence depend upon making the European Union work. Meanwhile, the speed differential between the UK and those countries in the fast lane will increase. Not because politicians in Germany or elsewhere may have decreed it, but simply because that is the way it is and has been for the past 40 years, even if most of the British press, in concert with the politicians – and circulation directors – has been unable or unwilling to see it.

True independence is appreciating the reality of one's own capacity. The tragedy of Britain's position is its failure to see this, whatever John Major and his supporters may say.

Peter W Barker,
45 Rue Lagorsse,
77300 Fontainebleau,
France

Target may be company profits

From Mr Peter Thompson.

Sir, Your reporting of Jonathan Aitken's interview omitted a significant point ("Aitken targets housing benefit", September 6).

Commenting on economic recovery, the Treasury chief secretary referred to company profits increasing and said "... these *should* be being used for new investment and new jobs". The italics, as far as they can be determined in a radio interview, are Mr Aitken's.

Those investors, whether tax-exempt or otherwise, who depend on a flow of company dividends to meet their commitments, would do well to reflect on this remark and its implications for government policy on taxation and dividends.

Peter Thompson,
William M Mercer,
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Flawed and selective view of Northern Ireland

From Mr Andrew Dyke.

Sir, As so frequently, Enoch Powell's analysis is both perceptive and flawed (Personal View, September 7). He is absolutely right to point out that the dispute in Northern Ireland is about nationality but wrong to see this as a choice between being British and being Irish. The people of Northern Ireland, in both communities, have never shown any desire to be British, as can be demonstrated by their consistent failure to elect British mainstream party MPs to Westminster; all of the electorate have repeatedly voted for local fringe candidates and every sitting Ulster MP is a fringe politician.

Mr Powell should reflect that the choice facing the people of Northern Ireland is between being Irish and being Northern Irish. The majority may well choose to be Northern Irish, but they should understand the full implications of that. He, like every unionist politician this century, does the people of Ulster a grave disservice by continuing to speak of Northern Ireland as part of the UK when that relationship has never existed outside legal fiction. He should also reflect that, were the people of Britain to be asked, by referendum, whether they wished Northern Ireland to be part of Britain, they would overwhelmingly vote against this.

The "loyalist" and "unionist" community must eventually face this reality. They must decide whether they can go it alone as an independent state within the European Union or join the rest of the population of the island of Ireland in forging one secular state. But they have so consistently opposed the British option that this can no longer be a real possibility for them.

Andrew Dyke,
40 Compton Road,
Winchmore Hill, London N2

From Mr A J McEvoy.

Sir, Enoch Powell is certainly not naive. Therefore in writing that "the beginning of wisdom in approaching Northern Ireland is to clear the mind of everything conjured up by the term sectarian", he is being more than selective with the truth. The mind would have to be cleared of memories of 15 years of his presence in South Down Orange Halls, and of the fact that the Orange Order, vehicle of a sectarian ideology, was specifically represented on the Ulster Unionist Council, the governing body of Mr Powell's party. That Order publicly defines its loyalty to the Crown in terms of a "Protestant Succession".

Much of the pain of the last century is a direct consequence of another English politician "playing the Orange card". Now if the mind-clearing exercise is to promote a non-sectarian solution in Ireland, it would be more than welcome; but to suggest it in order to consolidate the status quo is less than candid.

A J McEvoy,
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FINANCIAL TIMES

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Friday September 9 1994

European defence

The French prime minister called yesterday for improved co-operation on defence, including weapons development, between members of the European Union. His words are given added point by last week's $10bn merger between Lockheed and Martin Marietta – the most spectacular illustration to date of the way that plunging military budgets are altering the structure of the US defence industry, and a reminder that Europe's arms producers are far behind.

The European defence sector is not dormant. British Aerospace and Matra are still negotiating a merger of their missile activities; Aérospatiale of France and Deutsche Aerospace have pledged to merge theirs, and possibly also their satellite businesses, by next year.

But the continent's defence industry remains overcrowded, and every new American merger brings closer the day when European weapons are priced out of all markets (including European ones) by rivals from across the Atlantic.

No single European country can hope to be self-sufficient in defence technology. Yet European governments are setting tough conditions for transnational mergers, ostensibly to avoid compromising national secrets or creating dependence on foreign governments. This attitude is hardly consistent with the commitment to a common foreign and security policy, and eventual common defence policy, enshrined in the Maastricht treaty. It appears that the collapse of the Soviet threat, even as it renders the economics of cross-border defence co-operation more compelling, has, by depriving European states of a common enemy, made them more nationalistic in their defence philosophy.

Experiences like that of Eurofighter 2000 have made governments rightly sceptical about the value of cross-border collaborative programmes in producing defence equipment efficiently. If a coherent and competitive European defence industry is to come about, it must be in response to an integrated defence market.

By co-operating over the purchase of big weapons, and throwing open their purchase of smaller ones to the most competitive European bidder, governments could create the circumstances under which it would be easier for arms makers to merge. Article 223 of the Treaty of Rome, which effectively puts military products outside the scope of the common market, is now clearly an anachronism and should logically have been repealed when the Maastricht treaty was adopted.

In an ideal world, indeed, this logic would apply to the Atlantic alliance as a whole. But experience suggests that US defence industries will continue to use arguments of national security, however spurious, to prevent the introduction of a genuine "two-way street" in weapons procurement across the Atlantic.

The best Europe can hope, therefore, is to ensure that on its side such arguments are applied to Europe as a whole, rather than at the level of individual states, which are far too small to achieve the necessary economies of scale.

There should be no question of excluding American products, but the burden of proof must fall on those defence ministries that wish to buy American where there is a competitive European alternative. This is a point the British government should weigh carefully before choosing Lockheed in preference to the proposed new European military transport aircraft, in which British industry could play an important part.

German face-lift

Do not forget to be surprised. Yesterday's figures, showing 2.3 per cent annual growth in west German real gross domestic product in the second quarter of 1994, confirm that the German economic recovery is now well under way. Coupled with other recent data, the news has implications for the likely course of German monetary policy in the months ahead. But the contrast between this spritely performance and the many gloomy predictions at the start of the year holds a further lesson: tired old Germany can still show its European partners a thing or two.

Real pan-German GDP growth for 1994 could exceed the government's own revised prediction of 2.5 per cent. Though Bundesbank officials have this week been at pains to leave the door open for further interest rate cuts, the chances of another monetary loosening appear to be shrinking. True, monetary aggregates have been better behaved in recent months, but the prospect of 2 or more per cent real growth in west German GDP this year provides little obvious reason for the bank to side-step its money supply targets once again.

That figure can justify, however, a certain amount of self-congratulation. In December, the government was almost alone in hoping for even 1.5 per cent real pan-German growth for 1994: the OECD, for example, expected only ¾ per cent, with very little of that to come from the west.

What went right? Monetarists would see little mystery in recent data: excess money growth is now feeding into demand, just as they would expect. But the economy's ability to rebound so encouragingly owes as much to the stability-oriented policy of the Bundesbank as it does to monetary expansion. The bank's credibility as a guard against inflation has weathered recent knocks better than many supposed: long-term government bond yields are currently the lowest in Europe, at around 7½ per cent.

Given consumer price inflation of about 3 per cent, real rates of 4.5 per cent (compared to more than 6 per cent in France) may allow a return to economic form for Germany. There is plenty still to worry about: above all, a high rate of unemployment, so far little affected by this year's growth. But two things are already in place: growth through exports and, as has been true throughout most of the past few years, faster growth than seems likely in France.

Unions today

This week's Trades Union Congress has been a subdued affair. But through the haze of rhetoric it has been possible to detect the shape of a reformed trade union movement. Further reform may not be sufficient to ensure unions a dynamic future. But they can still enjoy significant if lesser roles as lobbyists for employee rights and providers of assistance to individual members.

Re-legitimised by ballots, the unions are more representative than they have been for decades. Thanks to the campaign to sign up members for the automatic "check-off" of union subscriptions it is also possible to state that membership is real and voluntary. Moreover, unions carry a far smaller part of the blame for the UK's labour market problems than they used to.

Much of the credit for this transformation belongs to successive Conservative governments, but Mr Tony Blair, the Labour leader, could prove the main beneficiary. Earlier this week, he shrewdly used the signal workers strike to loosen further the union hold over his party. However it is premature to imply, as Mr Blair does, that the unions are merely a pressure group with the same access to Labour as business. Mr Blair cannot wriggle out of union-inspired policy commitments – such as a national minimum wage. And at a private dinner on Tuesday he assured union leaders that he still needs them to win an election.

Nevertheless, both Mr Blair and Mr John Monks, general secretary of the TUC, do share a sensible vision of modest, non-partisan trade unionism, supporting individual employees in a rapidly changing labour market and providing a voice for employee-stakeholders in larger organisations and an expert view on employment and training at national level. That view may prove more popular than the dismissive attitudes of Conservative ministers.

This is not enough, however, to ensure unions a healthy future. There are signs – from Mr Monks's relaunch of the TUC to union use of shareholder forums to lobby for employee interests – that unions are becoming more effective. But collective bargaining and union membership are likely to continue to decline, albeit at a slower pace than in the recent past. Such a decline would not necessarily be stemmed by worker-friendly European legislation, based on employee not union rights, or by the election of a Labour government. But unions are not ends in themselves. What is needed is a balanced framework of employment law.

Contrary to much union rhetoric, employees are not without rights at the workplace, but that framework does need clarification. A clearer right to union representation in individual grievance cases, which Mr Blair would introduce, is a case in point. It would also offer unions a new role in providing professional and legal support to individuals. If they are to thrive, these are the opportunities they must seize.

Ploughed back into swords

Peace deals will not stop military spending rising in the Middle East, say **Julian Ozanne** and **Roger Matthews**

Even as King Hussein of Jordan was shaking hands with Israeli prime minister Yitzhak Rabin on the White House lawn last month, US military officials were busy preparing a package of arms deliveries to assist in the modernisation of Jordan's armed forces.

The US pledge to upgrade Jordan's military, coupled with Washington's promises to forgive up to $700m of the $950m debt owed to it by Jordan, were important incentives for the King to make peace with Israel.

However incongruous it may seem, the unfolding Middle East peace is likely to increase, not decrease, arms-related spending in the region. Continuing hostility between governments, fuelled by political ambitions, border conflicts and the challenge of Islamic fundamentalism, means that regional military expenditure as a proportion of gross national product is likely to remain above 20 per cent for the foreseeable future. Most Gulf states are already running budget deficits.

Since Israel's peace breakthrough with the Palestinians last summer, some Israeli officials have argued that one of the most important economic dividends would be the reallocation of billions of dollars spent on the military forces of the Middle East. In 1991 alone, the region is estimated to have allocated $88bn to military expenditure, a figure heavily influenced by the Iraqi invasion of Kuwait in 1990 and the subsequent Gulf war.

Mr Shimon Peres, Israel's foreign minister, proudly predicted in biblical terms that the region would soon beat swords into plowshares. He foresaw a region of government by ballots not bullets, where the only generals would be General Motors and General Electric.

However, the trend has so far been in the opposite direction. The Israeli army says the redeployment of troops from occupied Palestinian territory will place additional burdens on its defence budget for several years. The US has already granted Israel an extra $28m, on top of its annual military aid of $1.8bn, to meet those costs. General Ehud Barak, army chief of staff, is seeking an extra Shk500m ($170m) for the 1995 defence budget. That would be in addition to the Shk250m in "special" budgetary support that has already supplemented this year's Shk20.5bn total.

Domestic military expenditure is being augmented by US military assistance, pledged as a result of peace developments. Washington is committed to providing military aircraft: the first deliveries of 50 F-16 fighter jets arrived in Israel in early August. In January, Israel signed a $2bn contract with McDonnell Douglas to buy 20 F-15-E "Eagle" warplanes, adapted for long-range pre-emptive missions, night-flying capabilities and air superiority.

A possible peace agreement in the next few months with Syria, Israel's most militarily powerful neighbour, would not ease the burden on the Israeli defence budget. There would be further withdrawal costs as Israel pulled out of the Syrian land it occupies, and Israel is determined to purchase military hardware to maintain a "strong deterrent profile" in return for giving up strategic land such as the Golan plateau.

"The aim is long-term investment in unique battle weapons that Arab states cannot buy," said Lt Col Moshe Foegel, Israeli military spokesman.

Military experts said US arms transfers to Israel, Egypt, Jordan and perhaps later to other Arab states that make peace with Israel would require large increases in spending on runways, maintenance, training, spare parts and salaries. "In the short term, peace agreements will increase, not decrease, Israel's military expenditures," said Professor Eliahu Konovsky of Bar-Ilan University, near Tel Aviv.

Apart from the cost of Israel's peace treaties with Arab neighbours, there are deeper geo-political reasons for believing the military dividend from peace is likely to prove illusory throughout the Middle East. Military experts in Israel say the most potent threat in the past decade has been from Iran and Iraq, not Syria or Jordan.

Iran, though diminished as a military force since the overthrow of the Shah in 1979 and its eight-year war with Iraq until 1988, remains ideologically opposed to the Jewish state. Tehran has sought to rebuild its armed forces with purchases primarily from Russia and China, and has devoted some 18 per cent of its annual budget to the military.

However, Iran's failure to manage its economy efficiently and the steep decline in oil prices have severely limited the regime's scope for military development.

Iraq, while considerably weakened by the Gulf war and UN sanctions, also remains a potential menace to its neighbours, especially to Kuwait to which it has not renounced territorial claims.

The Middle East's big guns

Top military spenders, 1991

	MILITARY EXPENDITURE ($M)	ARMS IMPORTS ($M)	ARMED FORCES
Saudi Arabia	35,510	6,900	191,000
Kuwait	[illegible]	50	10,000
Iraq	[illegible]	[illegible]	475,000
Iran	[illegible]	7,600	465,000
Syria	[illegible]	650	408,000
Israel	[illegible]	460	[illegible]
Egypt	[illegible]	525	434,000

Middle East military strength, 1981-1991

	MILITARY EXPENDITURE ($BN)	ARMED FORCES	MILITARY EXPENDITURE/GNP RATIO	MILITARY EXPENDITURE PER CAPITA
[illegible]	[illegible]	1,883,000	18.1	484
[illegible]	78.2	1,909,000	15.2	547
1983	86.7	2,040,000	17.4	587
1984	84.3	2,531,000	17.6	553
1985	77.8	2,541,000	17.1	494
[illegible]	72.3	2,503,000	17.5	440
1987	64.9	2,699,000	15.5	383
[illegible]	58.4	[illegible]	14.0	335
1989	[illegible]	[illegible]	12.6	300
1990	[illegible]	[illegible]	17.3	411
1991	[illegible]	[illegible]	20.1	466

Source: [illegible]

Suggestions that Iraq might be seeking to improve relations with Iran send shivers down Israel's spine, as do editorials in US newspapers arguing for an easing of UN sanctions against Iraq. "As soon as UN sanctions are lifted, the clock will start ticking for us and for the whole region," said Lt Col Foegel. "While it's true that the short-term threat of war against Israel has decreased, there are serious long-term concerns, especially from Iran and from Iraq, when it is allowed to start rearming."

Israel is not alone in fearing a renewal of Iraq's expansionist dreams. Iran, Kuwait and Saudi Arabia have all suffered Iraqi troops on their soil in the past decade. The more general threat of Islamic extremism, sponsored by Iran, gives some countries another reason for making strategic arms purchases and building deterrent capabilities.

Saudi Arabia, for example, which might have been vulnerable if Iraq had continued its advance after the capture of Kuwait in 1990, had a defence budget last year of $16.5bn – the region's highest. Since the invasion of Kuwait, Riyadh has embarked on a big armaments programme, ordering $30bn worth of arms from the US and UK. The latest Saudi purchases, including the 1992 US package of 72 F-15XP fighter aircraft and 900 Maverick missiles worth $9bn, follow imports of $29.7bn between 1987 and 1991, according to the US Arms Control and Disarmament Agency.

Kuwait is spending at least $12bn replacing and upgrading its armed forces, which were decimated by Iraq's occupation. Syria is believed to have bought at least $2bn worth of aircraft, tanks and missiles from Russia, North Korea and China since 1992. The money was mostly a grant from Saudi Arabia ($1.5bn) and other Gulf states after Syria's participation in the Gulf war.

Egypt, which signed a peace treaty with Israel in 1979 and received grants and debt cancellations worth $8bn from the US after the Gulf war, has urged the US not to cut annual military aid of $1.3bn.

The unwillingness of many Arab countries, even those at peace with Israel, to consider cuts in their armed forces also reflects the historical suspicion of Israeli intentions which, despite current peace moves, remains just below the surface. They view with concern Israel's secret nuclear capability, its latest military purchases and its widening technological superiority.

Prof Konovsky argues Arab states will also continue to invest heavily in their armed forces because of regional disputes over borders and water. Saudi Arabia has border disputes with several neighbours; Iraq still lays claim to Kuwait; Syria and Turkey are in conflict over land and the waters of the Euphrates river; while the UAE and the other Arab Gulf states are seeking to reverse Iran's occupation of three small islands near the Strait of Hormuz.

The Arab-Israel peace process remains just one element in this complex mosaic of tensions and rivalries, and despite Mr Peres's optimism, will not of itself promote a wider settlement of outstanding issues. For western and Middle Eastern governments to begin to address issues such as regional arms control, countries like Iran and Iraq will have to be drawn back into the framework of more normal international relations.

There is, as yet, little idea of how this can be achieved, while the danger grows that other countries, such as Algeria, could be added to the list of governments with which the west is struggling to come to terms. And while the arms spending continues, the diversion of limited resources to non-productive ends can but deepen the poverty in which too much of the Middle East is steeped, and which provides such a fertile recruiting ground for extremists. In this vicious circle, only the arms manufacturers seem likely to come out ahead.

Poland's privatisation in a mess

PERSONAL VIEW

Poland's prime minister, Waldemar Pawlak, has had on his desk for the last two months the implementation order of the mass privatisation programme first introduced in July 1990. The reason he has not signed it so far is the continuing controversy and opposition to this programme among wide sections of the Polish population. While in all other economies in transition mass privatisation programmes have an important function of securing the political support for economic reforms, here it has deepened conflicts and instability.

The reasons for the controversy lie in the mistakes made at the beginning of the economic transition in 1990. Polish privatisation law defined two principal strategies: sales to foreign investors and initial public offerings (IPOs) on the newly organised Warsaw stock exchange. However, by July 1994, there were only 24 IPOs and about 60 sales to foreign investors. This strategy is more suitable for a western country where only a few state enterprises are to be privatised than for the Polish economy, dominated by more than 8,000 state enterprises. As an afterthought, a provision was added for "liquidation" of medium-sized enterprises through employee ownership and leases. This resulted in about 1,000 privatisations, a great success.

A question arose, however, about what to do with large enterprises which did not qualify to be floated on the tightly-regulated Warsaw stock exchange and where there was no foreign investor interest. The answer was to place them in groups and find foreign turnaround managers who would restructure and improve them to a point where they could be floated or where foreign investors could be found for them. But successive governments and consultants developed the idea in such a way as to make the programme politically unacceptable.

The objections centre on two fundamental issues. The first relates to the centralised and bureaucratic nature of this programme. The way it works is that ministry officials organise 20 government investment funds, choose foreign managers, and divide up 60 per cent of the shares of 400 companies between them (the remaining shares belong 25 per cent to the state, and 15 per cent to the employees). Each manager is a strategic investor in about 30 of them. Thus, the government is closely identified with the whole scheme, which raises fears of collusion, fraud and conflicts of interest.

The programme does not satisfy popular demands for equity and participation

The second and more important objection is the inadequacy of this programme as mass privatisation. It involves only 400 companies, but attempts to satisfy the claims of citizens whose savings were forcibly appropriated under Communist rule. The plan is to give potentially 27m adult Poles a voucher which can be exchanged for one share in each one of 20 investment funds, minus 15 per cent of shares reserved for their managers.

However, critics claim such a programme is among the least encompassing in east European countries and does not satisfy popular desires for participation and equity. In Estonian privatisation, the asset transfer per adult averages $1,000 and participants can use their vouchers to buy housing, land, agricultural implements, shares of state enterprises and a pension annuity. In Czechoslovakia's first wave of privatisation, the asset transfer was about $1,000 per voucher holder, and in the second wave,about $800. Czechs can bid for any of more than 2,000 enterprises or deposit vouchers with investment funds.

In contrast, Polish citizens have no choice about the use of their vouchers or which investment fund – government or private – to deposit them with. And the amount of asset transfer is minuscule, involving the 27m potential voucher holders, and compensation claims of state employees and retirees. This is ironic considering that Poland was the cradle of ideas about popular participation in the transformation and privatisation of communist economies. In 1981, Solidarity established the principle of autonomous, self-financing enterprises under some social control. The 1988 voucher coupon scheme, eventually successfully applied in Czechoslovakia, was proposed by Polish economists. The 1990 transformation programme went against popular expectations by defining the privatisation strategy in a centralised and excluding manner.

Unless the successive Polish governments abandon the attitude of imposing arbitrary programmes from above and meet reasonable demands of citizens for equity and participation in reforms, the privatisation policy in Poland will remain a political battleground where little gets accomplished.

Lucja Swiatkowski Cannon

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OBSERVER

The winner by a nose

■ Forget Future Large Aircraft and Apache helicopters. The real action at this week's Farnborough Air Show revolved around the exchange of sharper than usual words between Boeing, the world's biggest civil aircraft maker, and its European rival Airbus.

Ron Woodard, boss of Boeing's commercial aircraft operations, was patently riled by Airbus claims that it had knocked the Seattle giant off its mighty perch by securing more than 55 per cent of new aircraft orders in the year to June.

So Woodard laid into Adam Brown, Airbus's strategic planning director, himself a virtuoso speaker who has long had a good line in digs at Boeing's expense. Whenever Brown spoke, Woodard attested, you could see his nose growing longer and longer.

Brown himself was in two minds as to the merits of being esteemed the Pinocchio of the industry. Was Boeing finally conceding that the European consortium had a better nose for business? Or did it just mean that Woodard still didn't believe a word that Airbus's nasal attaché ever said?

Double dealing

■ Barclays Stockbrokers is clearly mindful of Samuel Johnson's adage about patriotism being the last refuge of the scoundrel. Unveiling its new Barclayshare Overseas Service, it proudly announces that facilities for dealing on the London Stock Exchange will be available to overseas nationals as well as to "expatriots".

So what form of proof does Barclays require from potential customers that they have abandoned their wicked ways?

Smokestack tips

■ How terribly *piquant*. Edith Cresson, France's commissioner-in-waiting, presented herself in Brussels yesterday for a discreet *tête à tête* with Jacques Delors, the outgoing EU president, but also the man she pipped for the French premiership in 1991, thanks to the patronage of President Mitterrand.

She certainly needs all the hot tips she can get. A big-ticket portfolio such as external trade or competition policy is what she really covets, but the present incumbents – Sir Leon Brittan, the senior UK commissioner, and Karel Van Miert, the Belgian commissioner – look pretty tough to dislodge.

That might mean she is best off aiming for the industry portfolio – where she could after all amuse herself crafting a whole new European industrial policy for the 1990s.

The snag there is Martin Bangemann, the senior German industry commissioner, who could get in the way.

He seems fairly certain to stay on in the next regime, and apparently has his eyes on a new information technology portfolio which would encompass both telecommunications and computers.

If Bangemann succeeded with that particular master plan, Cresson would risk being stuck with the smokestack industries.

Much depends, then, on the attitude of Jacques Santer, the prime minister of Luxembourg who takes over from Delors next January.

The genial Santer is known in the Grand Duchy as the man who never says No. So perhaps he is a relatively soft target for the legendary Cresson charm.

'I'm getting some great shots of the emperor in his new clothes'

Expert witness

■ "This House believes that the lessons of the recession have not been learnt" is the title of next week's so-called "great debate" at the Oxford Union hosted by the Society of Practitioners of Insolvency.

It is being sponsored by the Bank of Ireland and two of the five members of the team proposing the motion come from Midland Bank and the National Home Loans Corporation.

They should not have to look far to find material to support their case.

Spires ascent

■ What's with the British trades union movement? Aside from the discourse on the signal workers' strike and a brief self-parody from miners' leader Arthur Scargill, this year's congress must have been the mildest on record.

It seems to have coincided with an almost complete absence of Liverpudlians in Blackpool – and hence a paucity of those militant pronouncements that so often seem to be delivered with a Scouse inflection.

And now the next TUC president, the general secretary of the Banking Insurance and Finance Union, is an alumnus of Balliol College, Oxford, for heaven's sake. Leif Mills was to be heard yesterday roundly congratulating himself on having attained what he termed "the last unclimbed peak of British life for the college".

At least his accent is decidedly on the prole side of cut glass.

Game boy

■ Delegates to the world population conference in Cairo have been quietly amusing themselves by playing with a small pocket computer.

The wizard machine can call up present and future population growth for all UN countries at the stab of a button. And, boasts a delegate from the Vatican, the Holy See alone presents an immaculately perfect picture.

"Each time you push the button, the total remains at 1,000," he explains.

Rare delight

■ Feeling peckish at the almost deserted Hotel du Chari in N'djamena, Chad, this week, a colleague leafed through the hotel's brochure was dismayed to find that "Continental Breakfast/American Buffet can be served indifferently in your room or at the barbecue point."

FINANCIAL TIMES
Friday September 9 1994

Purchase involves both Hawk jets and trainers

BAe secures $775m sale of jets to Saudi Arabia

By Bernard Gray in London

Saudi Arabia is to buy a further batch of about 20 British Aerospace Hawk jet aircraft and a similar number of basic trainers, worth almost £500m ($775m).

The aircraft should be delivered from 1997, to train pilots who will fly the 48 Tornado GR1 ground attack aircraft which were ordered from BAe in January 1993.

The UK Ministry of Defence said that dates had been agreed for the supply of training aircraft, but did not give any further details. British Aerospace declined to comment.

The aircraft thought to be involved are the Hawk 60 advanced jet trainer and the Swiss-made Pilatus PC-9 turboprop basic trainer, which will be supplied through BAe as the prime contractor. Both aircraft are already used by the Royal Saudi Air Force to train pilots for their present fleet of Tornados. Training crew and other support services are included in the package.

The purchase will take place under the Al Yamamah II government-to-government arms deal, payment for which is made in oil. Saudi Arabia is thought to have increased the amount set aside for the programme from 500,000 barrels a day to 600,000 barrels when the second Tornado order was placed in 1993. The training aircraft package will be funded through this increased oil barter.

British Aerospace has now sold more than 700 Hawks worldwide to 40 countries. It is used as an advanced trainer to prepare pilots for fast fighter jets. In addition, the larger Hawk 100 and Hawk 200 versions are used as light fighter or ground attack aircraft.

Saudi Arabia presently has 30 of the Hawk 60 aircraft, as well as 72 Tornados, which are a mix of ground attack and air defence variants. BAe has some 4,800 staff working in Saudi Arabia supporting the Al Yamamah deal.

The Saudi order will secure work at BAe factories at Warton in Lancashire and Brough on Humberside. Work on the Hawk and Saudi Tornado orders is expected to fill a gap in domestic work until production of the Eurofighter 2000 starts in earnest in 1997-98. The Pilatus PC-9s are built in Switzerland but BAe will act as prime contractor for that part of the deal.

Al Yamamah contracts are worth some £2bn a year to BAe and have been worth a total of £13bn since the arrangement was initiated in 1985.

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Ploughed back, Page 13

S Korea plans abolition of foreign exchange controls

Government reforms propose liberalisation of capital flows

By John Burton in Seoul

A government-appointed panel yesterday recommended that South Korea abolish most foreign exchange controls by 1999.

The ministry of finance will consider the committee's findings when it proposes reforms to ease restrictions on capital flows, which are expected to be announced in November.

South Korea currently imposes strict regulations on capital transfers as part of the government's strong control over the financial system.

Among the committee's main conclusions is that the government should permit an increase in the foreign ownership of Korean securities, which is limited to 10 per cent of a company's stock.

It proposed that the foreign ownership limit should be raised in three stages in 1995, 1997 and 1999, with the possibility that the ceiling would be abolished by the end of the decade.

Foreign investors have expressed frustration about the limits, which have prevented them from investing in one of the potentially buoyant stock markets in Asia.

But the reforms also liberalise the outflow of capital, reflecting government concern that an extensive inflow of foreign capital would cause inflationary pressure.

Companies would be freed to raise capital abroad, where interest rates are lower than in Korea, by 1997. The reforms are meant to ease financial conditions for Korean companies, as they increase spending on production capacity and research and development.

But restrictions would remain on the opening of the bond and short-term money markets to foreign investors. The Korean currency is also unlikely to be fully liberalised, reflecting concerns about a rapid appreciation of the Korean won, which would harm the export-dependent economy.

It is still uncertain whether the Organisation for Economic Co-operation and Development will accept the proposed schedule, since most of the reforms will be implemented only after Korea joins the organisation in 1996.

A recent OECD report on the Korean economy criticised the government for maintaining one of the most regulated financial systems among the advanced industrial countries, even if its proposed financial liberalisation programme is fully implemented.

Another report, by the Lausanne-based International Institute for Management Development and the Geneva-based World Economic Forum, ranked South Korea a poor 24th in world competitiveness among a list of 23 OECD members and 18 developing nations.

The IMD/WEF report said South Korea was the most culturally closed and protectionist nation of the 41, and placed it third from bottom in its internationalisation league.

Schneider order

Continued from Page 1

were concealed from shareholders and regulators, and that dividends from offshore companies belonging to the subsidiaries were not distributed to all shareholders.

The arrest warrant comes at a time of fierce controversy about white-collar crime in France. The Schneider chairman is one of several prominent industrialists recently placed under investigation including Mr Jean-Louis Beffa, chairman of Saint-Gobain, one of France's largest industrial groups, who was questioned by magistrates this week.

Pineau-Valencienne: facing fraud and embezzlement charges

Allies end nearly 50 years of protection in Berlin

By Judy Dempsey in Berlin

Leaders of Allied countries joined nostalgic Berliners yesterday as the last American, British and French troops bade farewell to the city after protecting it for nearly 50 years.

"It will be so difficult to forget the Allies, especially the Americans. They bombed us during the second world war but in 1948 they dropped parcels full of food. They kept us alive," said Mr Helmut Bischof, a 76-year-old former engineer in the German air force.

The day's events were presided over by Chancellor Helmut Kohl and attended by President François Mitterrand of France, Mr John Major, the British prime minister, and Mr Warren Christopher, US secretary of state. At a ceremony at the Luftbrücke memorial at Tempelhof airport in the south of the city, they took the salute from units of each of the four countries.

At Tempelhof on June 25, 1948, General Lucius Clay, commander of the US forces in Berlin, ordered "Operation Vittles", a massive airlift designed to feed the West Berliners after Stalin had attempted to take over the entire city by starving into submission people living in the sectors controlled by the US, British and French.

"Stalin had tried to intimidate the Berliners. But the resolve of the Allies and the Berliners," prevented this," said Mr Christopher.

"I remember the airlift so well," said Mrs Barbara Wagner, 82."On the night of June 23, the lights over our city went out. We thought we would fall into the hands of the communists. But a few days later, we heard the hum of Allied aircraft swooping down on Berlin. That was the best sound I had ever heard in my entire life. I never wanted that sound to leave the skies over my city."

Mr Christopher said that at the peak of the operation aircraft were landing every 90 seconds. "Two million tonnes of supplies were delivered to Berlin."

Mr Kohl, speaking earlier at the Schauspielhaus concert hall in east Berlin, said when he first visited in 1947, "I was 17 years old... the city lay in ruins, the future was uncertain. For almost half a century the three western Allies protected and defended freedom here in Berlin, in the heart of our continent".

The Allies' military presence has already been sharply reduced under the terms of the unification treaty. The housing, barracks and sport grounds will revert to the state, which last year paid nearly DM1bn ($600m) for the upkeep of the troops.

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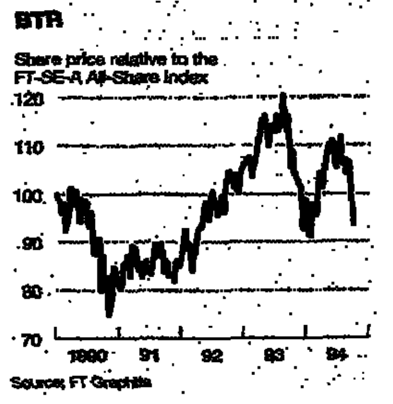
THE LEX COLUMN

BTR's marginal error

FT-SE Index: 3180.0 (-23.9)



BTR hit a raw nerve with yesterday's revelation that the difficulty of passing on cost increases had caused a drop in its first-half margins. It would be natural to expect such a squeeze to affect other manufacturers given the anaemic nature of the economic recovery. But one should beware of drawing too strong a general conclusion. BTR's mix of businesses tends to peak in mid to late cycle, so there is time for its margins to improve as an operational gearing effect clicks in. Besides, the 12 per cent fall in its shares yesterday reflects the way BTR has compounded its problems through strikingly poor presentation.

BTR's studied aloofness from City institutions may be justified in the tighter climate for disclosure and insider dealing, but companies which make a point of disclosing nothing informally should make every effort to use formal occasions for straight talking. BTR's annual meeting statement this summer was a model of obfuscation. It contrived to give the impression that margins, while affected by price pressures, were actually rising. Investors have a right to feel indignant to find they have fallen, especially when confronted with the lame excuse that the group margin would have risen without the cessation of the Denver airport contract and other selected events.

BTR will now find it difficult to dispel lingering doubts about whether margin recovery, now presumably awaited next year, will ever occur. If it does not and the climate really has changed, the company will have to revise its traditional policy of being willing to sacrifice volume growth for margin enhancement. Even another large acquisition, for which room is emerging as gearing declines, might not then be enough to distract from worries about organic growth.

Glaxo

Glaxo obviously disappointed with its losses in the bond market, but the deceleration in sales growth is a longer-term worry. Growth in sales volumes, excluding currencies, declined from 13 per cent in the first half to 9 per cent during the second six months. Four out of five of the group's top products recorded lower growth rates.

The deceleration is likely to continue. The most serious problem is Zantac, which continues to account for 43 per cent of sales. Zantac's growth rate actually improved in the second half, but such increases are clearly unsustainable. Competitors such as Astra's Losec are gobbling market share. In the US, generic versions of Tagamet – which did not have time to hit sales last financial year – are set to make their mark during the current 12 months. Most ominous is the continuing danger of direct US generic competition to Zantac by 1996.

Once promising new products will not adequately compensate when Zantac sales start to decline. Zofran has peaked only four years after launch. Second half sales were below those in the first six months. Imigran and Serevent continue to grow strongly but from a low base. There is a significant possibility of group turnover plateauing from 1996.

None of this is the fault of Glaxo's management. It continues to excel in the discovery, development and marketing of innovative treatments. On the earnings side, it is helping itself by slowing increases in R&D. But Glaxo will remain weak as long as it remains so dependent on Zantac. It could afford to get round the problem by buying another pharmaceuticals company. There are still opportunities in the US.

British Gas

Most of the big questions surrounding British Gas were left unanswered at yesterday's interim results. The company has deferred until the end of the month a full public presentation of dividend policy, international strategy and plans for its domestic business. Even so, those clues that did emerge were positive. Most obviously, by maintaining its dividend at the half-year the company seemingly signalled that it would not carry out earlier threats to cut the payout. A modest increase or, at worst, a frozen dividend for the whole year now looks likely.

British Gas is also, after a late start, moving smartly to cut costs in its UK gas supply business. The first 3,000 out of the planned 25,000 job cuts went in the half year. Moreover, the company emphasised yesterday its more constructive approach towards its regulator's plans to abolish its domestic monopoly. That should reassure investors that management will focus on putting the business into shape rather than wasting energy on unproductive squabbles with its regulator.

No clues, though, were given about Gas's future international strategy. Following the sale of Consumers Gas and Bow Valley Energy, the group's debt-to-equity ratio has fallen to 24 per cent. The low gearing level gives Gas scope to make further investments overseas. But the company needs first to articulate a credible strategy. Otherwise, it would do better to follow the electricity companies and buy back its shares.

Germany

Judging by yesterday's second-quarter growth figures, the German bond market had no reason to push bond yields above 7.5 per cent this week. West German growth, which reached 2.3 per cent in the second quarter, is heavily propelled by construction, exports and stock-building. There is little sign of an inflationary boom in private consumption. Next year's tax increases could prevent that occurring for some time, and if there is not enough demand to absorb the higher level of stocks, the recovery could even falter in the second half. There is little incentive for the Bundesbank to start raising interest rates again in the near term, and recent comments from top officials seem designed to discourage such speculation.

But there are other reasons why the bond market may not recover its composure that easily. The first is the perennial problem of supply, with another auction of government bonds due this month. The second is election uncertainty. An SPD victory would raise fresh doubts about Bonn's ability to curb the budget and might also raise expectations for next year's wage round. In those circumstances the Bundesbank might find it harder to ignore the fact that, although M3 money supply growth is decelerating, it is still way above its target range.

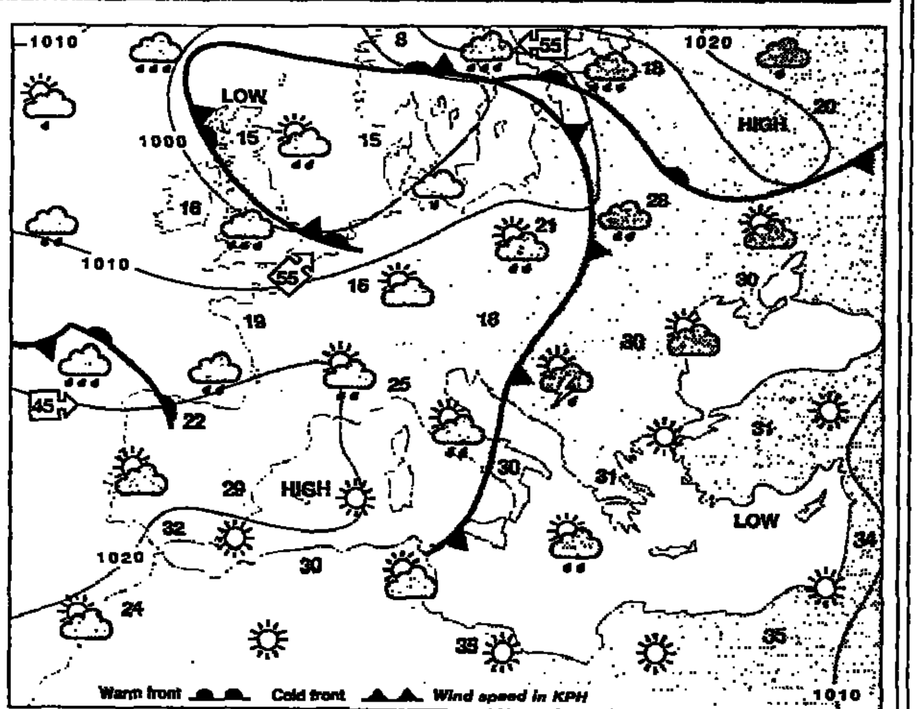
FT WEATHER GUIDE

Europe today

A frontal zone associated with a low pressure system over the northern UK will draw cooler air into eastern Europe. Along this front, periods of rain will linger in the Baltics and showers with thunder will form in the eastern Alps and north-west Balkans. Southern and central Scandinavia will have a lot of rain and wind. Periods of rain will affect the UK and the Benelux. Meanwhile, south-west France will have periods of rain owing to a small depression north-west of Spain. Showers will occur in other parts of France, Germany and in eastern Europe. Most of the Mediterranean will have a lot of sun.

Five-day forecast

The depression over Scotland will move towards central Scandinavia and its associated frontal zone will bring rain to western Russia during the next few days. It will continue unsettled in north-west Europe and sunny in the Mediterranean. Meanwhile, a ridge of high pressure will build over the Atlantic to bring mainly dry conditions to north-west Europe, after the weekend.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	shower	29	Caracas	shower	31	Faro	sun	27	Madrid	fair	27	Rangoon	rain	30
	Celsius		Belfast	shower	15	Cardiff	shower	16	Frankfurt	shower	17	Majorca	sun	27	Reykjavik	cloudy	11
Abu Dhabi	sun	40	Belgrade	fair	30	Casablanca	sun	24	Geneva	cloudy	18	Malta	sun	31	Rio	cloudy	23
Accra	sun	30	Berlin	shower	16	Chicago	fair	26	Gibraltar	sun	29	Manchester	shower	15	Rome	thund	29
Algiers	sun	30	Bermuda	fair	30	Cologne	cloudy	16	Glasgow	rain	14	Manila	cloudy	30	S. Frsco	fair	20
Amsterdam	shower	15	Bogota	fair	20	Dakar	cloudy	30	Hamburg	shower	15	Melbourne	fair	16	Seoul	fair	29
Athens	sun	31	Bombay	rain	29	Dallas	fair	32	Helsinki	cloudy	15	Mexico City	fair	19	Singapore	cloudy	32
Atlanta	fair	31	Brussels	shower	15	Delhi	cloudy	27	Hong Kong	shower	31	Miami	thund	33	Stockholm	rain	14
B. Aires	sun	12	Budapest	thund	26	Dubai	fair	38	Honolulu	fair	32	Milan	fair	26	Strasbourg	shower	18
B.ham	shower	16	C.hagen	rain	15	Dublin	shower	16	Istanbul	sun	29	Montreal	shower	22	Sydney	sun	19
Bangkok	cloudy	33	Cairo	sun	35	Dubrovnik	sun	28	Jakarta	fair	32	Moscow	fair	19	Tangier	sun	28
Barcelona	sun	25	Cape Town	sun	22	Edinburgh	rain	15	Jersey	shower	15	Munich	fair	17	Tel Aviv	sun	33
									Karachi	fair	34	Nairobi	fair	23	Tokyo	cloudy	30
									Kuwait	fair	45	Naples	fair	29	Toronto	fair	22
									L. Angeles	sun	29	Nassau	shower	32	Vancouver	rain	17
									Las Palmas	fair	27	New York	fair	28	Venice	thund	26
									Lima	cloudy	19	Nice	fair	25	Vienna	thund	20
									Lisbon	fair	25	Nicosia	sun	38	Warsaw	rain	21
									London	shower	18	Oslo	rain	11	Washington	sun	28
									Lux.bourg	shower	14	Paris	cloudy	19	Wellington	fair	11
									Lyon	cloudy	19	Perth	fair	25	Winnipeg	cloudy	27
									Madeira	fair	25	Prague	thund	18	Zurich	shower	17

FINANCIAL TIMES

COMPANIES & MARKETS

Friday September 9 1994

IN BRIEF

CarnaudMetalbox flat at half-time

CarnaudMetalbox, the Franco-British packaging group, yesterday reported flat post-tax profits of FFr510m ($96m) for the first half of this year, up FFr1m on the same period last year. Page 16

Digital claims fastest chip in the world
Digital Equipment claims to have built the fastest microprocessor in the world. It is the first commercially available chip that can process more than a billion instructions per second and is more than two times faster than any competing chip. Page 17

Three are to leave Merck
Three more senior executives of Merck are to depart in the coming months as part of a move by Mr Raymond Gilmartin, the US drugs company's new head, to shape his own senior management team. Page 17

Pakistan Telecom issue
Jardine Fleming International was appointed joint global coordinator, together with Muslim Commercial Bank, for a placing of 5m vouchers exchangeable into shares of Pakistan Telecommunications. The issue is expected to raise about $750m.

Hotels help Brierley
Improvements in London occupancy rates for the Mount Charlotte Thistle Hotels group helped Brierley Investments show a 58 per cent profits rise to a record NZ$430m (US$259m) for the year. Page 18

Solid sales lift Heinz
Solid growth in sales volumes, especially overseas, helped HJ Heinz post profits after tax of $154.7m in its first quarter. Page 17

Boral boosted by core operations
Boral, the Australian energy and building products group, reported a 34.7 per cent rise in profits, thanks to the acquisition of Sagasco and good results from core operations. Page 18

British Gas defends radical revamp
Mr Cedric Brown, British Gas' chief executive, defended the radical reorganisation of the company whilst announcing that the interim dividend would be held at 6.4p. Page 22

Emap makes £77m cash call
Emap is about to return to the takeover trail, funded by a substantial rights issue. The UK media and exhibitions company's plans to raise £77.2m ($118m) net of expenses from a 1 for 8 rights issue at 360p a share. Page 22

Sun Alliance near trebled at £180m
Sun Alliance, the UK composite insurer, yesterday reported a near-tripling of pre-tax profits to £180.2m ($277m) for the first six months of 1994. Page 21

Arjo Wiggins jumps 67%
Arjo Wiggins Appleton, the Anglo-French paper company, reported a 67 per cent increase in pre-tax profits to £105.1m ($161m) in the first half of this year, as the paper industry began to pull itself out of a worldwide recession. Page 24

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
KHD	128.8	+	6.3
Lohmeyer	685	+	10
Viag	518	+	4.5
Falls			
Asko	962.5	-	14.5
Leifheit	741	-	14
Schering	925.5	-	14.5
NEW YORK ($)			
Rises			
Alcoa	83⅝	+	⅞
Citicorp	44⅝	+	1½
Cyrix	41½	+	1¾
Sears	48⅞	+	1
Texas Inst	77⅞	+	1¼
3M	56	+	1⅛
PARIS (FFr)			
Rises			
Air Liquide	753	+	15
CCF	215.2	+	8.4
Elf Sanofi	958	+	22
LVMH	858	+	22
SLIC	740	+	30
Falls			
Union Immob	455	-	11
TOKYO (Yen)			
Rises			
Asahi Opt	550	+	12
Hino Motor	936	+	24
Nagasakiya	685	+	25
Falls			
Nip Suisan	488	-	15
Tobishima	444	-	22
Yasuda Tst	807	-	19

New York prices at 12.30pm.

LONDON (Pence)			
Rises			
Arjo Wiggins	287	+	8
Canadian Pizza	105	+	5
CarnaudMetalbox	2125	+	75
Church	500	+	15
Cookson	259	+	7
Enterprise Oil	400	+	13
Flextech	459	+	15
Gowrings	78	+	3
Haggas (J)	84	+	6
Howard Holdings	214	+	8
Marston Martin A	675	+	30
Smith (David S)	560	+	12
Zeneca	936	+	16
Falls			
Avonmore A	115	-	19
BTR	338	-	44
Blue Circle	300	-	14
Caradon	292	-	13½
Coda	95	-	10
Delta	503	-	13
Hall Eng	165	-	14
Laing (J) A	289	-	21
Litho Supplies	197	-	29
Tottenham Hspr	143	-	10
Wassall	189	-	14

Margin pressures hit BTR shares

UK industrial conglomerate lifts interim profits 16% but sees problems in passing on higher material costs

By Andrew Bolger in London

BTR shares plunged nearly 12 per cent, from 382p to 338p, after the UK-based industrial conglomerate confirmed market fears that manufacturers are finding it difficult to pass on higher raw material prices to their customers.

BTR said that as economic recovery had gathered pace in certain key markets, notably North America and Australasia, it was beginning to see the twin benefits of economic growth and increased confidence.

But it warned: "Notwithstanding the improved orders and sales position, overcapacities in many of the group's markets, together with raw material cost increases, are giving rise to pricing pressures which will continue to make the improvement of margins difficult to obtain in 1994."

Pre-tax profits increased by 16 per cent to £694m ($1.08bn) in the six months to June 30, while sales increased by 11 per cent to £4.5bn. Excluding gains on disposals, pre-tax profits rose by 12 per cent, from £549m to £616m - well below market expectations, which had been about £665m. Operating profits rose by 7.5 per cent to £684m, but margins slipped from 15.7 to 15.2 per cent.

Analysts said BTR was a barometer stock. If a group with such strong market positions was suffering margin pressure, then it boded badly for many manufacturers. One said: "We must see an increase in output costs for companies to make money."

However, Mr Bob Faircloth, BTR's chief operating officer, said margins had actually increased in businesses accounting for about 70 per cent of group sales. The margin erosion came because of specific situations in the US and some business in continental Europe, which had still to benefit from recovery.

Mr Alan Jackson, chief executive, said that although he saw little scope for margin improvement in the second half, he remained confident that the group would make further progress next year.

Gearing fell from 63 per cent to 43 per cent. Mr Jackson said "we've got our eye out for a large acquisition", but BTR was not yet close to a specific deal.

The interim pay-out is a foreign income dividend (Fid) of 6.5p, compared with last time's conventional dividend of 4.95p. For non-taxpayers, this represents a 5 per cent increase, and a rise of 30 per cent for taxpayers. Earnings per share rose by 9.5 per cent to 11.5p (10.5p).

Productivity and efficiency savings added £37m to operating profit, offset by £18m of redundancy and rationalisation costs.

The group also announced a "very significant" clutch of appointments to its main board.

Next generation, Page 14; Lex, Page 18; BTR Nylex, Page 28

John Gapper and Peter Wise consider the issues facing government and investors

Portugal's big test for small bank in a hurry

Portugal's government will decide within a few days on the most testing question it has encountered since it started to reprivatise the country's banks in 1989: whether to block an attempt by the fifth largest bank to turn itself at a stroke into a dominant force.

Banco Comercial Português (BCP), which has grown rapidly since it was formed nine years ago by concentrating on segments of the banking market, is making a hostile Es132bn ($825m) bid for 40 per cent of the biggest publicly-quoted Portuguese bank, Banco Português do Atlântico (BPA).

The reaction of the government, which has been privatising BPA shares in tranches since 1990 reducing its holding to 24.5 per cent, is unpredictable. It is wary of appearing to halt the liberalisation of financial markets, yet it wants to protect orderly progress towards privatisation.

A successful bid could determine the shape of the banking market, as a combined BCP/BPA group would hold 24 per cent of banking assets. Provided BCP's capital was not weakened by paying 2.4 times net asset value for BPA, it would also form the most ambitious and tightly-managed Portuguese bank.

Yet the outcome of the bid is not clear even if sanctioned by the government. It depends on the reaction of 13 core shareholders who are industrialists in northern Portugal. Members of the self-styled "Patriotic Front" are insisting that the Es3,000 a share offer is too low.

BCP's rationale for wanting to control BPA is simple. "We want to grab a quasi-virgin customer base," says one BCP senior manager. While BCP has sold a range of products such as life insurance, BPA has been slower to realise its potential.

BCP, which is being advised on the bid by the US investment bank Merrill Lynch, was formed by a group of BPA managers led by Mr Jorge Jardim Gonçalves, its chairman. They believe they can pull off a similar trick with BPA's 1.9m customers, thus raising BPA's return on assets, and profitability.

BCP has a history of acquiring a minority stake at a high price, and then paying a lower one to mop up the remaining equity later

BCP managers believe that increased asset size will allow them to compete as an international bank. Ventures outside Portugal so far have been limited to catering for expatriate workers, and a private banking venture with Banco Central Hispano, which holds 20 per cent of BCP equity.

BCP also intends to release capital by gradually selling BPA's stakes in industrial companies. Some of these stakes are in ventures by members of the shareholders' group. This is led by Sonae, the largest private sector industrial and distribution conglomerate, which holds about 6.5 per cent of BPA.

The bid is not risk-free for BCP. It has built up strong capital and has been looking for an outlet since it failed in a bid last year to acquire 80 per cent of Banco Pinto & Sotto Mayor, Portugal's sixth biggest bank. A BPA purchase would leverage its capital and help to maintain returns.

There are dangers. BCP's tier 1 ratio of core capital to risk-weighted assets would fall from 11.4 per cent to 6.8 per cent, leaving less of a margin to absorb any increase in non-performing loans, a possibility that concerns some analysts.

The bid turns on the reaction of core shareholders because the government intends to hold its 24.5 per cent stake, and a further 7.5 per cent is held by another shareholders' group organised by Credit Commercial de France. This means only another 40.5 per cent of equity is in play.

BCP tried to turn the odds in its favour yesterday when it announced that its minimum acceptable stake would be 34.5 per cent. In public, the shareholders are sticking together. But this unity is already under a lot of pressure, with BCP trying to exploit uncertainties.

BCP has a history of acquiring a minority stake in a bank at a high price, and then paying a lower one to mop up the remaining equity later. It did this when it acquired the merchant bank Companhia de Investimentos e Serviços Financeiros (CISF) in two tranches.

Supporters of BPA – which is being advised by Goldman Sachs and CCF – argue that this is unfair. Yet it is also clear that the core shareholders have a separate agenda. They have hired Union Bank of Switzerland to value BPA and its holdings, and plan to be more involved in management.

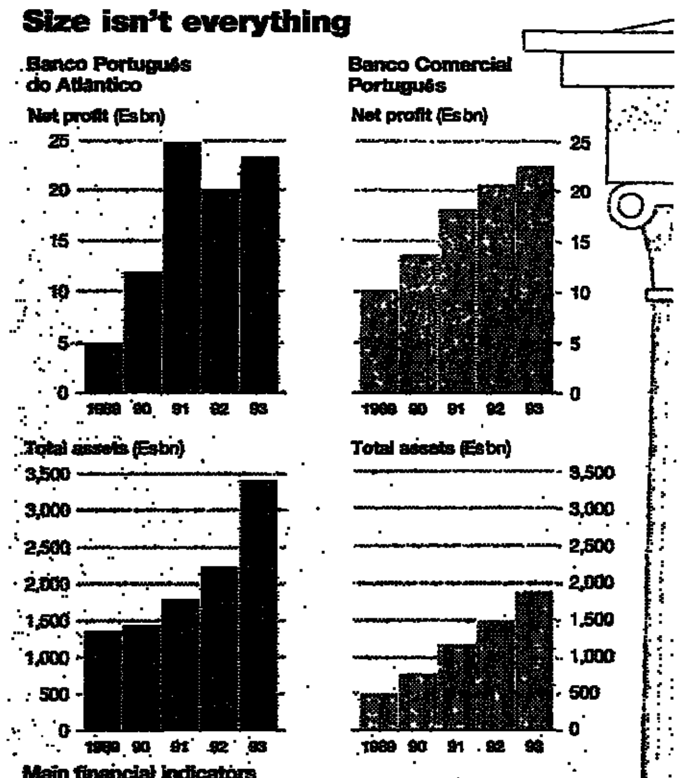
BCP supporters argue that core shareholders have tolerated a passive BPA management in return for favourable treatment. BPA has lent money for projects such as a shopping and office complex in Lisbon being developed by Sonae. BPA argues that such ventures have provided good overall returns.

BPA's managers say it has been held back by public ownership, but has embarked on reforms and technological changes which will bear fruit. "BPA is the bank that BCP would like to be. Shareholders will get better returns than BCP is offering them," says Mr Rene Souto, a BPA general manager.

It is unclear how patient they will be, even if they resist BCP's offer. "The shareholders feel BPA has not been managed as aggressively as it could have been," says an adviser to the core group.

Whatever the outcome of the bid, BPA will be a different bank by the time the dust settles.

Size isn't everything



Main financial indicators

1993	BPA	BCP
Net interest margin	2.6%	4.7%
Return on assets	0.7%	1.3%

Source: Company Reports, Merrill Lynch

Kmart to close 110 discount stores

By Tony Jackson in New York

Kmart, the embattled US retailing giant, is to close 110 of its discount stores with the loss of 6,000 jobs. It is also to reduce its management workforce by 10 per cent during the next two years, resulting in a further 1650 job losses.

The closures are part of a retrenchment programme announced in January this year, when Kmart took a $1.3bn restructuring charge against 1993 earnings. Kmart said yesterday that the programme, which covers relocation of stores as well as outright closures, is now 65 per cent complete.

The group's profits have fallen for seven quarters in a row, chiefly because of weak trading in the discount store business.

Yesterday's announcement was seen by Wall Street as evidence that Kmart is concentrating on problems in its basic business. The company has been wrangling with shareholders over its specialty retail operations, ranging from sports goods to bookselling. In June, Kmart agreed to float off four of its five specialty chains.

Kmart, which has been overtaken as the world's biggest retailer by its younger US rival Wal-Mart, said the stores to be closed had not met requirements on sales, profits or investment returns. The 110 closures represent slightly less than 5 per cent of a total 2,350 stores in the Kmart chain.

Kmart also announced the recruitment of Mr Ronald Floto as head of its Super Kmart operation, its move into superstores. Mr Floto is was head of Kash N'Karry Food Stores Inc.

Mr Joseph Antonini, Kmart president, said yesterday's announcements, and the impending flotations of the specialty store chains, represented "strong steps towards focusing on the core US Kmart business." However, he added, "much remains to be done." Kmart shares rose $¾ to $18¼ on the news.

Concentration on the traditional discount chain is a recent departure for the group. Previously, Mr Antonini insisted that Kmart should retain control of its specialty chains as well, proposing that the company should issue special categories of stock linked to the chains' performance. It was this proposal which was thrown out in June by the investing institutions, who preferred outright sale of the non-traditional business.

Glaxo rises 10% despite £115m loss on bond trading

By Tim Burt in London

Glaxo, Europe's largest pharmaceuticals group, yesterday reported a 10 per cent rise in profits despite making sizeable losses on investments in the year to June 30. Although pre-tax profits rose from £1.66bn to £1.84bn ($2.85bn), the shares fell 7p to 609p after the group said it lost £115m on its bond portfolio and would incur a further £16m loss this year.

It has since liquidated the £1.7bn portfolio managed by its Bermuda-based investment group and reinvested the funds in bank deposits and gilts.

Increased trading profits and advantageous exchange rates, however, persuaded the board to announce an 18p dividend, raising the final by 23 per cent to 27p (22p).

Sharply increased US sales – dominated by Zantac, its world-leading anti-ulcer drug – helped lift trading profits by 19 per cent to £1.81bn (£1.53bn), and underpinned a 15 per cent increase in sales from £4.93bn to £5.65bn.

The figures were on the low side of analysts' expectations, which had ranged from £1.88bn to £1.94bn at the pre-tax level.

Sir Richard Sykes, chief executive, admitted that the group had encountered difficulties in a number of European countries, where sales had been hit by government health reforms, but said that overall it was a "tremendous" performance.

The group enjoyed sharpest growth in the US where sales grew 15 per cent to £2.46bn at constant exchange rates. Sir Richard said those sales could be enhanced further if the group wins approval for over-the-counter sales on Zantac, which it plans to seek next month.

He also said the group had improved cost efficiency by shedding jobs in Germany, Italy and Canada and had slowed the rate of growth on research and development and capital expenditure. Those measures helped increase net liquid funds from £1.82bn to £2.22bn.

"It's important for Glaxo to have a cash pile," said Sir Richard. "I did say we would make a move in the US by year-end, but having evaluated the situation, we did not think it was in the interests of the company or the shareholders." Earnings per share rose 8 per cent from 39.9p to 42.9p, while earnings per American Depository Receipt were unchanged at $1.29.

Lex, Page 14; Background, Page 21

BBL backs Rudloff's new bank

By Nicholas Denton in London

Mr Hans-Jörg Rudloff, who pioneered the Euromarkets as head of Credit Suisse First Boston in London, is to return to investment banking with the backing of Belgium's Banque Bruxelles Lambert.

BBL announced yesterday that it was taking a 29 per cent stake in the new venture, which has paid-in capital of $75m.

Mr Rudloff and his partner Mr Peter Ogden are the main shareholders and will manage the business. Mr Ogden was a managing director at Morgan Stanley.

Other investors were not named, nor was the investment bank itself, which Mr Rudloff said yesterday went internally under the name of "The Institution."

The shareholders plan to register the company by November with the intention of beginning operations by January.

Mr Rudloff said his latest undertaking would offer advice on innovative financing, mergers and acquisitions, and provide other traditional investment banking services.

The Institution would focus on western Europe where Mr Rudloff believes he has many relationships as governments and banks withdraw from companies across the region.

Other favourites of the former CSFB head are the emerging markets of the Czech Republic, Poland and Hungary.

"I know the area very well," said Mr Rudloff, who masterminded CSFB's controversial but ultimately successful drive into eastern Europe. Mr Rudloff's background has focused much attention on his next move and he was anxious to deflate expectations of the scope of his project.

"I am a little bit worried that people expect us to act right away like a big firm, and that is not the case," he said. "There is no comparison with the bulge bracket firms (one of the dominant US investment houses)."

Mr Rudloff headed CSFB in London for over a decade before being moved in 1993 amid internal disputes to the executive board of CS Holding, the Swiss-based holding company of the Credit Suisse group.

Observers never thought him suited to the role of strategic planner to which he was moved, and he left CS Holding in February this year.

Carnaud Metalbox flat at FFr510m in first half

By David Buchan in Paris

Carnaud Metalbox, the Franco-British packaging group, yesterday reported flat post-tax profits of FFr510m ($96m) for the first half of this year, up FFr1m on the same period last year.

However, Mr Jurgen Hintz, president, said: "We should be able to produce some bottom-line progress for 1994 as a whole."

Turnover rose 4 per cent to FFr12.3bn and operating profits by 7 per cent to FFr1.04bn as a result of cost containment, job cuts and improved manufacturing performances.

Net profits barely shifted from the FFr509m in the first half of 1993, largely because a large part of a capital gain made from the sale of a Singapore factory site went to minority shareholders, leaving the group with smaller exceptional financial gains of FFr96m against FFr121m.

CMB's metal packaging business, in its Eurosteel division which accounted for 54 per cent of total turnover, increased 1 per cent in the first half because of weak demand from the food sector.

Turnover in health and beauty containers fell 3 per cent and in plastics by 5 per cent, but rose 22 per cent in drink containers because of the good summer in Europe, where the group did 79 per cent of its total business.

"Whatever you may have heard about recovery in Europe from other sectors, it clearly did not feed through into consumer products in the first half of this year," Mr Hintz said.

For CMB, there already was a two-speed Europe, with demand in the UK, Italy and Spain – accounting for nearly 40 per cent of turnover – rising by up to 10 per cent. But Germany and the Benelux region only increased 1 per cent with France falling 7 per cent, he said.

Mr Hintz predicted internal productivity increases and innovations would more than offset raw material price rises and price pressure from customers, and would produce a profit increase by end-1994.

He said the group would continue to expand in Europe and Asia, and in the US perfumes and pharmaceuticals sectors through the new joint venture with Wheaton. We will be the first to offer customers such as L'Oréal a global presence", Mr Hintz claimed.

KHD cuts deficit as new orders rise 60%

By Christopher Parkes in Frankfurt

Klöckner-Humboldt-Deutz, the German engineering group, yesterday reported a 60 per cent increase in new orders in the first half, during which it cut its interim net loss to DM93m ($60m) from DM98m.

The company, which had warned earlier of a "typical" first-half deficit, said operating earnings had improved markedly, but the bottom-line figure had been reduced by heavy launch costs and restructuring measures.

It forecast an unchanged break-even result for the full year and said all the turnover increase in the review period – DM1.35bn compared with DM1.28bn – had come from foreign sales.

Overseas turnover rose 16 per cent while domestic revenues shrank 8 per cent.

Sales of engines and other drive components rose 4.5 per cent and agricultural equipment improved 18 per cent, while industrial plant turnover fell 26 per cent.

The group's order book was lifted by a 163 per cent rise in demand for industrial plant, while the drives and farm machinery divisions booked increases of 20 per cent and 29 per cent respectively.

Underlying growth at Carrefour

By Alice Rawsthorn in Paris

Carrefour, one of France's leading hypermarket groups, yesterday continued the positive trend in the French retail sector, reporting strong underlying growth in earnings for the first half of 1994.

Although total net profits fell sharply due to a reduction in exceptional credits, the company estimates there was growth of more than one-third in net earnings, before exceptional items.

Total net profits for the six months were FFr871m ($156m), against FFr1.66bn in the same period of 1993. However, the underlying rate of growth was stronger than expected, as Carrefour made only FFr101m in exceptional profits in the 1994 interim period against FFr1.09bn last year, when it sold the Castorama chain of furniture stores.

The French retail sector has been under pressure for the past two years due to the static state of consumer spending. However, France is pulling out of recession and confidence has recovered. This brighter picture is reflected in the current round of retailers' interim results.

Carrefour was no exception. Sales rose 6.4 per cent during the first half to FFr61.34bn, against FFr57.64bn.

The company said net profits before exceptional items rose 36.3 per cent to FFr770m from FFr565m. One of its most buoyant activities was the Pryca subsidiary with earnings growth of 26 per cent.

Ms Michèle Wolff, retailing analyst at Société Générale securities house in Paris, said the results were better than expected. She said she would slightly upgrade her profits forecast for the full financial year.

Carrefour forecast continued sales growth during the autumn to a total of FFr133bn for the whole of 1994, which would represent a 7.5 per cent increase on the 1993 total of FFr123bn.

It anticipated further underlying profits growth with net profits before exceptional items rising "at the same rate as last year". This means a 24.3 per cent increase to about FFr2.06bn from FFr1.66bn in 1993.

C&G reports 44.5% increase

By Alison Smith in London

Cheltenham & Gloucester, Britain's sixth-largest building society, yesterday reported a 44.5 per cent increase in first-half pre-tax profits, up to £108.8m (US$167.5m) from £75.3m.

The increase is among the higher proportionate rises reported by UK mortgage lenders and has underlined concerns expressed by some C&G members that Lloyds Bank's £1.8bn cash takeover bid may not be a full price.

The profit rise came in spite of a decline in operating margins over the past year. C&G warned pressure on margins could be expected to continue through the rest of the year.

The increase reflected both a drop in provisions for bad and doubtful debts and an aggressive approach to the mortgage market which saw lending rise by almost 30 per cent to £1.48bn.

Provisions for losses fell by 63 per cent from £63.6m to £23.5m, while net interest receivable rose by less than 1.5 per cent to £169.3m, even though the volume of business was markedly higher.

Mr Andrew Longhurst, chief executive, said C&G had concentrated on trying to win a larger share of mortgage business. But the impact of competition, which had led it to stop charging valuation or application fees, had translated into a drop in other income and charges from £29.9m to £25.2m and contributed to a rise in management expenses from £49.1m to £58.0m.

The increase in administrative costs – which took the society's cost/income ratio to 29.8 per cent from 26.4 per cent at the end of 1994 – also reflected the cost of running the extra 20 branches and £1bn mortgage book that C&G acquired when it took over the Heart of England Building Society last year.

C&G also paid £4.2m expenses relating to its proposed acquisition by Lloyds. Further costs will come through in the second half, reflecting work on computer systems for the vote on the deal by its 1.4m members.

Move for Polish watchdog

By Christopher Bobinski in Warsaw

Mr Leslaw Paga, head of Poland's securities commission, is leaving to join Deloitte Touche Komatsu, the international accounting firm.

Mr Paga was one of the authors of Poland's stock market legislation and has headed the commission since it was established three years ago. Under his supervision the Warsaw stock market has been free of the scandals which have bedevilled Poland's private banking sector.

The commission has policed the market in conjunction with the stock exchange council and taken the number of companies quoted on the bourse from five in 1991 to the current 32.

Mr Paga's successor, yet to be appointed, will have to face the problems of developing a market with a mass of individual investors but few domestic institutional participants and no investment banks.

Yesterday Mr Paga said that he was leaving because he felt "my mission has been fulfilled".

● Bilfinger und Berger, one of Germany largest construction companies, has agreed to pay $7m for 70 per cent of Hydrobudowa 6, a Polish construction company with experience in gas pipeline work in the former Soviet Union.

PBR, the Polish development bank, is to take a further 10 per cent share and both investors will put DM14m ($8.9m) into the company.

Fortis lifted by banking arm

By Ronald van de Krol in Amsterdam

Fortis, the Dutch-Belgian financial services group, posted a 9 per cent increase in second-quarter net profit, with banking profits showing a sharp rise.

Net profit rose to Ecu154.5m ($188.5m) from Ecu141.6m a year earlier. The increase, which followed a 29 per cent rise in the first quarter, takes first-half results to Ecu264.2m, a 17 per cent improvement on the same period of 1993.

Fortis, jointly owned by Amev of the Netherlands and AG of Belgium, said full-year net profit would be 10 per cent to 15 per cent higher than in 1993. This is in spite of plans for unspecified provisions in the second half for charges to cover internal integration, streamlining and positioning of the group.

In the first half, pre-tax banking results nearly trebled to Ecu127.1m from Ecu42.8m a year earlier.

This reflected the first-time consolidation of ASLK-CGER, the Belgian savings bank group.

Insurance profits rose 13 per cent to Ecu303.4m. Much of the gain was due to a 32 per cent increase in life insurance results, helped by buoyant results in the US, the Netherlands and Belgium. The insurance activities of ASLK-CGER contributed to first-half profits.

Profit from accident and health insurance was virtually unchanged, while losses in non-life insurance were narrowed to Ecu0.4m from Ecu4.9m.

GTE offers to buy remaining Contel shares

GTE, the US cellular telephone operator, has offered $22.50 a share cash for the 10 per cent of Contel Cellular held by the public in a deal worth $224m, agencies report.

GTE already owns the other 90 per cent.

Under the terms of the proposal, holders of about 10m Contel Class A common shares would receive cash while the Class B shares owned by GTE would be converted into shares of the merged entity.

After the merger, GTE's combined cellular businesses would be operated under the GTE Mobilnet identity.

Ascom recovers in first six months

By Ian Rodger in Zurich

Ascom, the Swiss telecommunications equipment group, returned to profit in the first half of 1994 after two years of losses and business and management upheavals.

The group reported a pre-tax profit of SFr21m (US$16m) in the six months to June 30 compared with a loss of SFr79m in the same period last year.

At the operating level, the group showed a profit of SFr3m compared with a SFr68m loss.

Ascom attributed the turnround to cost cutting, concentration on core businesses and extraordinary gains on disposals, and was hopeful of making a profit in the full year. "We won't make a loss and I hope we can make a positive net profit," said Mr Fred Sutter, chief executive.

The telecommunications equipment division doubled its operating income to SFr33m on sales up 12 per cent to SFr751m. Ascom is a leader in the fast-growing cordless telephone business.

The service automation division also doubled its operating profit to SFr28m on flat sales of SFr436m. The division supplies coin and card phones and ticket vending machines.

However, the US-based enterprise networks division continued to disappoint, with a loss of SFr8m on sales down 2 per cent to SFr209m. Mr Felix Wittlin, the new chairman, said he was convinced that the business of Ascom Timeplex, acquired three years ago, was sustainable, but research projects were costly and risky.

Enterprise writes down Lasmo stake

By Peggy Hollinger in London

Enterprise Oil, the UK-based independent oil explorer, continues to pay the cost of its failed bid for rival Lasmo with yesterday's disclosure that it was writing down by £18m ($28m) the shares it controversially acquired in the final days of the battle.

Total costs of the £1.6bn all-share bid came to £24m, including £5.7m in fees paid to the company's numerous advisers. Lasmo is expected to report charges of about £25m when it announces interim results next week.

The costs helped to depress Enterprise's net interim profits to £8.5m from £80.1m. The return was also hit by low oil prices, changes to the North Sea tax regime and a £20m swing in interest to payments of £15m. Excluding provisions related to Lasmo, profits after tax were £32.3m.

Enterprise has written its 9.8 per cent stake down to £142m, valuing the shares at 150p. This compares with an average 169p paid by Enterprise just two days before the bid closed, and yesterday's close of 159p, up 2½p.

The purchase, largely from one Lasmo investor, angered some shareholders who claimed thay had not been given the chance to sell.

Mr Andrew Shilston, finance director, said Enterprise intended to keep the shares as an investment for the immediate future. The 150p share price was a "conservative view of what the long-term value of the shares would be," he said.

Enterprise's failed bid and the resultant costs have put pressure on the group to come up with a strategy to replace reserves.

With production from its Nelson and Scott fields expected to peak over the next two to three years, Enterprise will either have to acquire reserves or announce substantial exploration successes to keep up the momentum.

Enterprise expects to announce its first move into South America within the next six months.

Results, Page 20

Digital claims new chip is fastest in the world

By Louise Kehoe in San Francisco

Digital Equipment claims to have built the fastest microprocessor in the world. It is the first commercially available chip that can process more than a billion instructions a second and is more than twice as fast as competing chips.

The Alpha 21164 "is the fastest chip on the planet", boasts Mr Robert Palmer, president and chief executive of the US group.

The 9.3m transistor Alpha microprocessor delivers performance at speeds previously possible only in large multiprocessing systems, such as expensive supercomputers.

The achievement comes as Digital is undertaking a drastic restructuring of its operations in an attempt to stem losses that have totalled $4bn over the past four years. The company announced in July it would cut 20 per cent of its workforce, eliminating about 20,000 jobs over the next 12 months.

While Mr Palmer hopes the new Alpha chip will boost customer confidence, industry analysts say some of the company's most prestigious customers are turning to competing computer suppliers.

The Alpha chip is recognised as a significant technology breakthrough, but it is not clear that making the world's fastest microprocessor is a solution to Digital's problems.

Less than two months ago, Mr Enrico Pesatori, senior vice-president in charge of Digital's core computer systems business, said that setting record computing speeds was no longer Digital's primary goal.

"We will concentrate on segments of the market where there are high volume opportunities," said Mr Pesatori. "We will not try to set record speeds with our products. We want to tie our engineering resources to market needs".

This, he acknowledged, would be be significant change for Digital. "Somehow our engineering resources have become disconnected from the [real needs of] the market."

While Digital is winning the microprocessor speed race, it is far outpaced in terms of market penetration and availability of software by competing chips, such as Intel's Pentium.

Moreover, the high costs of semiconductor development and production are a heavy drain on Digital's resources when the company is struggling to cut costs and selling "non-strategic" assets.

Three more departures in Merck shake-up

By Richard Waters in New York

Three more senior executives of Merck are to depart in the coming months as part of a move by Mr Raymond Gilmartin, the US drugs company's new head, to shape his own senior management team.

The New Jersey-based company also hinted at a broader reorganisation under Mr Gilmartin. Its new 10-person management committee, announced yesterday, is intended to serve as "an example for the company of a leaner, flatter organisation," Merck said.

A shake-up has been expected since Mr Gilmartin was brought in to run what is widely regarded as an in-bred and bureaucratic company.

The latest departures include two of the four executive vice-presidents who had formed the core of the management group under Mr Ray Vagelos, who retires as chairman in November.

They are Mr Jerry Jackson, responsible for non-US operations and at one stage a candidate for the top job, and Mr Frank Spiegel, head of strategic planning.

Mr Jackson will retire at the end of the year and Mr Spiegel at the end of October, though both will give up day-to-day responsibilities and serve as consultants until then.

Merck also said Mr Richard Lane, head of its US human health marketing operations, is to leave the company to pursue other opportunities.

The reorganised management committee replaces the small group of executives who formed Mr Vagelos' chairman's staff. Its 10 members include the heads of Merck's business areas, who will report to Mr Gilmartin.

The only members of the former senior management group to remain are Mr Edward Scolnick, head of research and manufacturing, Ms Judy Lewent, chief financial officer, and Ms Mary McDonald, general counsel.

Conoco to spend £1.7bn in UK

By Robert Corzine

Conoco, the US oil company, yesterday said that about half of its international investment was destined for the UK.

Mr Constantine Nicandros, chairman of the Houston-based subsidiary of the DuPont Corporation, confirmed that about £400m ($619m) a year would be spent in the UK throughout the rest of the decade, much of it on developing new natural gas reserves.

Conoco last week boosted its share of the Britannia gas project to 43 per cent. Britannia, the biggest remaining undeveloped gas field in the UK sector of the North Sea, would consume about £700m of the £1.7bn which Conoco plans to spend on UK exploration and development over the remainder of the decade, Mr Nicandros said.

Initial production from Britannia, expected around 1998, would go to UK customers. But Conoco was keen to find international markets for the gas even though a direct route to continental Europe had been ruled out.

Conoco is a member of an industry group studying the feasibility of building a gas pipeline between the east coast of England and Zeebrugge in Belgium.

Mr Nicandros said Conoco's heavy commitment to the UK stemmed from the fact that it felt "very comfortable" with the legal and political environment.

In addition, liberalisation of the domestic gas market would give the company a chance to use its strong position in gas to make inroads into the downstream part of the industry.

Conoco, along with PowerGen, owns Kinetica, one of the UK's larger independent gas marketing companies.

Although three-quarters of Conoco's investment programme is aimed overseas, including its recently launched Polar Lights project in Russia, Mr Nicandros predicted that the foreign share would soon fall to between 55 and 65 per cent as the company assumes a more "aggressive" role in the expanding US gas market.

Constantine Nicandros: keen to find international markets

Conoco remained keen, however, to take advantage of the "enormous opportunities" arising worldwide from political change.

This included the possibility of securing deals with politically-sensitive members of the Organisation of Petroleum Exporting Countries, who wanted western technology and capital to develop their reserves.

"I don't care what you call such deals as long as both we and the country have the chance to make some money," he said.

Mr Nicandros said there was a danger that the ambitious restructuring among the US majors and other international oil companies would result in a misplaced focus on short-term cost-cutting. That could be to the detriment of creating long-term value, he said.

Although Conoco last year cut $400m, or 15 per cent, from its cost base and expected to reduce it by another $150m this year, "nobody ever got rich by cutting costs".

Mr Nicandros also rejected the notion prevalent among some oil companies that employees are easily replaceable and transitory figures.

"We've shaken employee loyalty ... but the social structure of a business is important. You must give both job and social satisfaction," he said.

Texaco faces close vote in buy-out bid

By Richard Waters

Texaco, the US energy group, faces a close vote today in its attempt to buy out the minority shareholders in its 78 per cent-owned Canadian offshoot.

The largest minority shareholder, Canadian 88 Energy, on Wednesday raised the value of its own counter-bid for Texaco Canada Petroleum.

Mr Greg Noval, president of Canadian 88, said Texaco needs the support of holders of at least half the remaining 22 per cent before it can mount a compulsory buy-out of all the shares. On that basis, Canadian 88, which in the last two weeks has built its stake in Texaco Canada to 9.8 per cent, requires the support of only a few other shareholders to thwart the US group's plans.

Texaco's offer of C$1.40 a share for the 22 per cent was countered by a C$1.60 a share offer from Canadian 88, which then lifted its offer to C$1.65 a share, valuing Texaco Canada at C$208m (US$152m).

Solid sales growth lifts Heinz in first quarter

By Patrick Harverson in New York

Solid growth in sales volumes, especially overseas, helped H.J. Heinz post profits after tax of $154.7m in its fiscal first quarter.

Although net income was only slightly higher than the $152.2m earned a year earlier, sales were up 10 per cent at $1.74bn, reversing the decline recorded in the previous quarter.

Investors reacted positively to the first-quarter results, and to a prediction from Mr Tony O'Reilly, the Irish businessman who is chairman of Heinz, that the company would report higher earnings from on-going operations for the full year to April 1995.

At midday, Heinz's shares were up $⅜ at $36⅜ on the New York Stock Exchange.

Mr O'Reilly said of the quarter's results and the outlook for earnings: "The restructuring of our business portfolio, placing particular emphasis on food-service, infant feeding and Asia, has put us into growth areas which should enable us to deliver substantial full-year earnings growth".

Heinz's sales volume increased by 7 per cent worldwide. Its food-service business showed strong growth in particular products, notably ketchup, Ore-Ida frozen potatoes and single-service condiments.

Business was especially impressive in the Asia-Pacific region, with sales volume in Japan alone rising by 16 per cent.

The first quarter was also an active period for Heinz in terms of further expansion into European and US markets.

The company bought the Farley's infant food and adult nutrition business in the UK, and acquired a food-service unit from Borden of the US.

Both transactions were part of Heinz's policy of focusing on its infant food and food-service businesses.

The acquisitions – net of divestitures – added 2 per cent to sales in the quarter.

US banks take lead in European M&A

By Nicholas Denton

US investment banks have moved to the forefront in the competition for advisory work in Europe's cross-border mergers and acquisitions market, according to a league table released yesterday.

Morgan Stanley topped the rankings for cross-border European activity between January and June 1994 on a list compiled by the specialist publication Acquisitions Monthly.

The New York-based firm acted as financial adviser on 13 deals completed in the first half, worth a total of £4.95bn ($7.66bn). Goldman Sachs, another US investment bank, was second with 16 deals worth £4.41bn.

They displaced Lazard and Morgan Grenfell, which led the league table in 1993 but fell to ninth and fifth place respectively.

The figures for Morgan Stanley and Goldman Sachs were boosted by their involvement on either side of the largest M&A transaction completed in 1994, the acquisition by Akzo of the Netherlands of Nobel Industries, the Swedish chemicals and explosives maker.

One such deal can sharply alter a league table based on a relatively short six-month period. Mr Stephen Waters, head of European investment banking for Morgan Stanley in Europe, welcomed the firm's showing but noted: "One swallow does not make a summer."

Investment bankers also pointed out that the figures referred to closed deals, which lag announcements, and therefore give an outdated picture of the state of competition among investment banks.

Nor does the Acquisitions Monthly table include the privatisation and joint-venture work which is increasingly important in Europe.

Nevertheless the league tables are followed closely and reinforce the perception of growing US inroads into the European investment banking market.

Rival Czech truck makers to discuss alliance

By Vincent Boland in Prague

Tatra, the ailing Czech truck maker, expects to discuss a strategic alliance with Liaz, its main Czech rival, to make cabins and other components. However, an immediate merger has been ruled out, a senior Tatra director said.

The company is also considering approaching the European Bank for Reconstruction and Development for up to US$50m and the Czech government for emergency aid to help it repay huge debts incurred through a slump in sales.

Mr Karel Beneda, a former Tatra vice-president, has been appointed acting chairman to replace Mr Gerald Greenwald, recently appointed head of UAL, the US airline. He resigned as chairman and general manager of Tatra on Wednesday along with two senior colleagues, Mr Jack Rutherford and Mr David Shelby.

The three men were forced out by the Tatra board under pressure from shareholders after Czech directors accused them of not devoting enough time to the company.

They joined in March last year to help return Tatra to profit after it lost its traditional markets with the collapse of communism. They were offered a 15 per cent stake if they achieved a turnround, but falling sales meant the company was unable to capitalise on streamlined production methods and cuts in production and employee numbers.

INTERNATIONAL COMPANIES AND FINANCE

Row looms over timber concessions in Indonesia

By Manuela Saragosa in Jakarta

Officials at Indonesia's forestry ministry are contradicting each other in what threatens to escalate into a row between the minister of forestry and the country's largest timber producer, Barito Pacific Timber.

Earlier this week the forestry minister, Mr Djamaludin Soeryohadikusumo, said that if Barito Pacific wanted to renew the licences for its forest concessions, it would have to hand over as much as 49 per cent of its shares to a state-owned company.

The minister accused Barito of causing "considerable" damage to forests under its control, and said the government wanted its own man in the company's management to ensure "sustainable management of its forest concessions".

Barito Pacific responded by saying that the minister's comments referred to two forest concessions in south Kalimantan which did not belong to Barito Pacific but which did supply the company with logs.

This statement was subsequently supported by the forestry ministry, which said in a press release that the issue concerned not Barito Pacific Timber but the forest concessions set up to supply logs to the company.

However, an official at Barito Pacific said the company had been "helping" in the management of these two forest concessions over the past five years.

Barito Pacific officials denied the government wanted to take over 49 per cent of the equity in their company, saying instead that the minister wanted the state to take a 49 per cent stake in the two companies which own the two forest concessions in south Kalimantan, Yayang Indonesia and Aya Timber.

The forestry minister is expected to make a further statement today.

Barito Pacific is the world's largest tropical hardwood plywood producer and a listed company.

It controls some 5m hectares of Indonesian forest.

Japanese groups join video conferencing standard

By Louise Kehoe in San Francisco

Japan's largest telecommunications and computer companies plan to launch products and services for desktop video conferencing based on standards established by Intel and other US companies.

NTT, NEC, Fujitsu and Just Systems have joined a group of US companies that endorses the Personal Conferencing Specification. In joining the group the companies have signalled their intention to introduce PCS compatible products.

PCS is a standard that defines protocols permitting inter-operable, PC-based conferencing and communications. PCS compatible products such as Intel's Proshare allow PC users to see each other as they talk and share data and computer applications.

"This announcement is very good news to PC users all over the world," said Mr Andrew Grove, Intel president and chief executive. "Having leading companies in the Japanese PC and telecommunications industries join this activity is a key step in making PC-based conferencing a worldwide application. NTT's role as a leading network service provider in integrating PCs and communications in Japan is critical."

In Europe, the PCS standard has been criticised by some industry executives because it is not an international standard. Intel said, however, that in addition to the Japanese support announced yesterday several European telecommunications and computer companies plan to endorse the standard before the year-end.

Establishing standards for inter-operability is critical if the desktop video conferencing market is to flourish. It will enable users in different countries using different types of equipment to participate in video conference calls.

Mr Yoshi Takayama, director of NEC, said: "PC-based personal conferencing capability is expected to be a critical tool to enable the great leap of personal productivity. NEC is committed to broadening the desktop conferencing market and is planning to be the first in the Japanese market to offer the system."

"We believe it is very important to develop and promote a worldwide standard such as PCS in the personal conferencing segment," said Mr Yasunori Kanda, general manager of Fujitsu Personal Business Division. "We are going to introduce PCs with personal conferencing capabilities."

Just Systems, a leading supplier of Japanese word processing software, said it would also support the PCS standard and announced plans to link more than 1,000 PCs in its own research laboratories via Intel's Proshare personal conferencing products.

Intel said it planned to incorporate an existing standard called H.320 for stand-alone room-sized video conferencing systems into its Proshare products by the end of this year. This will allow Proshare users to take part in conferences with users of traditional video conferencing equipment. However, H.320 systems do not allow the simultaneous sharing of data and applications.

German bank puts in offer for BNC stake

By Andrew Hill in Milan

A little-known German bank is thought to be behind the mysterious counter-bid for Banca Nazionale delle Comunicazioni (BNC), the Italian bank being courted by Istituto Bancario San Paolo di Torino.

Italian news agencies said the Bank für Vermögensanlagen und Handel (BVH), based in Düsseldorf, had yesterday confirmed that it had tabled an offer for a stake in BNC, which is controlled by the Italian state railway.

Mr Publio Fiori, the Italian transport minister, has repeatedly claimed over the past few weeks that a counter-bid for BNC was imminent. He is trying to put pressure on San Paolo di Torino, Italy's biggest bank, to amend its preliminary all-share bid for BNC, to safeguard the interests of the state railways.

BVH in Düsseldorf and Mr Fiori's office – which is reported to have received the BVH offer on Wednesday night – were silent yesterday about the details of any alternative bid, and San Paolo, the only group to have declared a formal interest, still seems the favourite to acquire BNC.

Mr Fiori's intervention has irritated the Italian Treasury and the Bank of Italy.

Last month Mr Fiori accused the central bank, which is responsible for vetting bank takeovers, of trying to force BNC into the San Paolo fold.

He also revealed that Cassa di Risparmio in Bologna, another Italian bank, had proposed an alternative cash offer for a majority stake in BNC. That bid was rejected by the Bank of Italy.

The San Paolo offer was first announced in March, before Mr Fiori became transport minister, and the two banks had hoped to wrap up the deal quickly. The merger must be completed by the end of this year to take advantage of tax-breaks offered under 1990 banking legislation.

BTR Nylex shares drop 10% as result disappoints market

By Nikki Tait in Sydney

Shares in BTR Nylex, the Australian-based industrial group which is controlled by BTR of the UK, fell more than 10 per cent yesterday after the company announced profits which disappointed the market.

The company made a profit after tax and minorities of A$207m (US$153m) in the half-year to June 30, a 6 per cent improvement on the comparable 1993 figure of A$195.3m. Many analysts, however, had been expecting profits of around A$240m.

The share price closed on the Australian Exchange at A$3.88, down 30 cents on the day and close to the 52-week low of A$2.76. The stock's 52-week high was A$3.58.

Sales were up by 9.5 per cent at A$3.15bn, while earnings per share advanced by 2.7 per cent, to 7.7 cents. The interim dividend goes up to 5.25 cents from 5 cents.

Progress looked more significant at the pre-tax level, with profits rising by 14.4 per cent to A$354.1m, although this was partly due to slightly lower finance charges of A$74.5m. The company said that there had been a "significant upturn in results for the Australasian business", helped by productivity gains and the improving economy.

North America "produced outstanding results" and in Europe, Rockware Glass began to benefit from recent reorganisation and capital investment programmes. There was an improved performance from the Taiwan Polymer business, while investments in China contributed "positively".

BTR Nylex added that order inflow in recent months had appeared to be "strengthening and sustainable", and suggested that the "momentum for improvement" should continue.

Australian gas venture for MIM and Conoco

Conoco Australia, part of the Houston-based Conoco energy group, is to partner Australia's MIM Holdings in the potential development of a coalbed methane gas project in central Queensland, writes Nikki Tait.

The Conoco subsidiary will fund a A$22m (US$16.1m) exploration, research and trial production programme over the next two to three years, receiving a 50 per cent stake in the project in return.

Coalbed methane gas accounts for a growing proportion of natural gas production in the US, and Conoco has experience as a large-scale producer in New Mexico and Virginia.

In this case, any natural gas production would be used either for power generation or as a feedstock.

● Niugini Mining, the Papua New Guinea-based group which is controlled by Canada's Battle Mountain and which is a partner with RTZ of the UK in the controversial Lihir project, reported a 57 per cent fall in profits in the six months to end-June at 724,000 kina (US$787,043).

The decline was largely due to decreased gold production from the Red Dome mine in Queensland, as the company concentrated on treating low-grade stockpiled ore while the pit was deepened to allow access to higher-grade reserves.

Hotels help Brierley to post record profit

By Terry Hall in Wellington

A substantial improvement in London occupancy rates for the Mount Charlotte Thistle Hotels group was a factor in helping Brierley Investments achieve a 58 per cent rise in profits to a record NZ$430m (US$259m) for the year to June 30, Mr Bob Matthew, chairman, said yesterday.

He said there were also steady improvements in provincial hotel performances, leading Brierley Investments – which owns 70 per cent of Mount Charlotte – to "confidently expect substantial improvements in Mount Charlotte's profitability".

He said that with few exceptions, New Zealand and Australian subsidiaries and associate companies performed well during the year, with strong profit contributions from Air New Zealand, Australian Consolidated Investments, textile group LWR Industries, Sealord Products, Union Shipping and the Skellerup Group.

Subsidiary and associate company profit contributions were up 17 per cent to NZ$318m from NZ$273m, and investment company contributions rose 43 per cent to NZ$283m from NZ$197m.

Earnings before parent funding costs and overheads were up 23 per cent to NZ$565m from NZ$460m. Directors said net debt (excluding capital funding) at NZ$498m was the lowest for many years.

The dividend is being maintained at 9 cents a share.

Abnormals affect Boral figures

By Nikki Tait

The acquisition of Sagasco and good results from its core Australian operations helped Boral, the Australian energy and building products group, to a 34.7 per cent increase in profits to A$280.9m (US$207.7m), after tax but before abnormals, in the year to end-June.

Earnings per share, again before abnormals, were up by 28.6 per cent to 28.3 cents. Sales rose by 10.2 per cent to A$4.65bn.

Large abnormal items severely depressed the bottom-line performance, causing Boral to post profits after tax and abnormals of A$121.8m, down from A$228.9m a year ago.

The net abnormal charge was A$159.1m, including a A$121.3m profit on the sale of the Azon businesses, a A$108.8m write-off of goodwill, and a A$140.1m provision for rationalisation and restructuring costs.

The abnormal charge means that Boral is dipping into its reserves to pay a dividend of 20 cents a share for the year, with the final being an unchanged 10 cents as promised at the time of the rights issue. Directors added that they were confident the dividend could be maintained, given the significant effect of abnormal items last year.

Boral said that its core Australian building products business performed well on the back of the continued strength in the housing industry, as did the much-enlarged energy business.

The US and European operations – while showing significantly higher profits than in the previous year – also made unsatisfactory returns, the company said. However, it noted that "results in the second half do indicate significant improvement is under way".

Boral said trading in the first two months of the current year was ahead of that recorded in the same period of 1993-94 and ahead of budget.

Nine Network up 25%

Nine Network, operator of Australia's largest commercial TV network and 44.5 per cent-owned by Mr Kerry Packer's Consolidated Press Holdings, reported a 25.5 per cent lift in profits after tax and abnormals in the year to end-June, at A$83.3m (US $64.9m), writes Nikki Tait.

Revenue was up by 5.1 per cent, and operating profit before abnormals and tax, by 11.5 per cent, at A$136.1m.

Nine said that its share of TV advertising revenue in the period amounted to 41.2 per cent, and that underlying costs – once allowance was made for the Winter Olympics – had been static.

It said it expected pre-interest operating profit to increase by about 10 per cent in the current year. However, it warned that profits after interest and tax would probably not show any growth because of increased interest costs incurred to fund increased investments outside its main TV business. Nine holds much of the Packer stake in John Fairfax, the newspaper publisher; 18.08 per cent of Village Roadshow; and a 29.5 per cent interest in New Regency, the US film production company.

Prices for electricity determined for the purposes of the electricity pooling and settlement Arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 09.09.94: Pool purchase price £/MWh	Final Prices for Trading on 12.08.94: Pool purchase price £/MWh	Pool selling price £/MWh
0030	9.95	12.14	14.96
0100	9.59	9.90	9.90
0130	9.59	10.76	13.60
0200	9.59	10.76	13.60
0230	9.59	10.76	13.60
0300	9.59	10.76	13.60
0330	9.59	10.76	13.60
0400	9.59	10.76	13.60
0430	9.59	10.76	13.60
0500	9.59	10.79	13.60
0530	9.92	9.90	9.90
0600	9.94	9.90	9.90
0630	11.22	11.03	13.88
0700	15.64	12.22	15.06
0730	17.47	17.18	20.02
0800	17.77	18.16	21.01
0830	17.63	27.92	30.76
0900	18.56	25.74	28.68
0930	17.81	28.34	31.33
1000	19.33	32.53	35.56
1030	19.33	32.80	35.65
1100	19.32	32.77	35.86
1130	19.32	33.46	36.59
1200	19.33	33.63	36.65
1230	19.32	33.30	36.39
1300	18.56	32.46	35.47
1330	17.83	31.50	34.42
1400	17.77	31.35	34.23
1430	17.47	22.13	24.89
1500	17.47	27.86	30.71
1530	16.96	19.70	22.65
1600	17.47	22.10	24.94
1630	16.88	19.70	22.54
1700	16.90	37.29	40.74
1730	17.47	37.29	40.13
1800	16.98	32.40	35.24
1830	16.98	18.18	21.02
1900	16.90	17.18	20.02
1930	16.90	16.88	19.73
2000	16.90	17.11	19.98
2030	16.90	16.49	19.33
2100	16.30	24.25	27.08
2130	16.90	31.00	33.84
2200	16.90	31.00	33.84
2230	16.36	27.41	30.26
2300	16.24	16.49	19.33
2330	15.64	16.21	19.06
2400	13.47	15.25	18.10

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. [illegible]

Bunds encouraged by hopes of interest rate easing

By Antonia Sharpe and Martin Brice in London and Frank McGurty in New York

German government bonds were lifted by official remarks which accompanied the release of GDP data for the second quarter. The data showed a strong recovery in the German economy, in line with market expectations, but top officials said there were no signs of over-heating.

GOVERNMENT BONDS

These comments led to cautious optimism in some quarters that the Bundesbank would ease official interest rates, or at least the repo rate, at its regular council meeting next Thursday. These hopes encouraged yields on 10-year bunds to come in to around 7.43 per cent from just over 7.5 per cent the day before.

However, most analysts remained sceptical about a further cut in German interest rates. Mr Jouni Kokko, international economist at S.G. Warburg, noted that yesterday's improved sentiment followed a week in which bund futures had dropped by two points.

In addition, the safe distribution of the new Treuhand bond issue had eliminated market worries of an overhang of supply.

"There is no fundamental change to the market ... there is not really room for further easing," said Mr Kokko.

Ms Wendy Niffikeer, senior economist at IBJ International, said signs that the economy's recovery favoured investment spending over consumer spending, which was still fragile, could lend support to the view that rates could fall further. However, there were still doubts on the inflation front.

"The market's rise is a short-term reaction; the trend is still for a further sell-off," she said.

Mr Andrew Bevan, the newly-appointed international bond economist at Goldman Sachs, said the GDP data made it even more likely the Bundesbank would have to rein in monetary growth early next year.

"It is going to have to take a fairly tight stance on rates which has not been fully discounted by the market," he said.

On Liffe, the December bund future stood 0.51 points higher at 89.67 in the late afternoon, off the day's high of 89.74.

■ Gilts hit a more cheerful note, buoyed by the rise in bunds and the release of the CBI distributive trade survey, which pointed to a slowdown in consumer spending. This was taken as further evidence that pressure for a rise in UK interest rates was easing.

Mr Nick Stamenkovic, economist at DKB, said: "The survey suggests that the tax rises are hitting the consumer who is becoming more cautious. With the housing market so fragile, a rate rise would undermine confidence even more."

Mr Simon Briscoe, of S.G. Warburg, said if the CBI data were indicative of other economic figures due in coming months, there would be little pressure for a rate rise. However, Mr Michael Saunders of Salomon Brothers said other parts of the economy were picking up more strongly than the CBI data suggested.

The yield spread between gilts and bunds narrowed to 130 basis points from 137 on Wednesday. On Liffe, the December long gilt future rose to 100$\frac{23}{32}$ in late trading, up ¾ points on the day.

■ Italian and Spanish bonds were pulled up by the Europe-wide rise in bond prices. The yield on the 10-year Italian benchmark bond fell to 12.11 per cent from 12.26. However, Mr Huw Roberts at NatWest Markets warned that the market would fall back if the government continued to prevaricate over the budget deficit.

The Spanish benchmark 10-year bond yield fell to 11.22 per cent from 11.38 per cent.

■ US bond prices floated to higher levels yesterday as traders adjusted their positions ahead of this morning's inflation data.

By midday, the benchmark 30-year government bond was $\frac{7}{32}$ better at 99$\frac{13}{32}$, with the yield slipping to 7.544 per cent. At the short end, the two-year note was up $\frac{1}{32}$ at 100$\frac{1}{32}$, to yield 6.181 per cent.

Traders plodded through another sluggish morning, with many of them waiting for the release of August producer price data before stepping back into the market.

Today's report was expected to show an accelerating trend in prices. Analysts had forecast an increase of about 0.5 per cent last month, and a 0.3 per cent rise when the volatile food and energy sectors were excluded.

Still, there was a growing minority in the market which felt such estimates were excessive, leading some traders to begin covering their bets that bond prices would decline on the data's release.

Even those who were comfortable with the consensus forecasts did not expect bonds to tumble on a big jump in producer prices. Most economists thought the Federal Reserve would not raise interest rates again before November, even if today's inflation reading was strong.

Such confidence allowed bond prices to appreciate in light trading. The market gained an extra push from a moderating trend in commodity prices and a firmer dollar.

HK seeks market in NYSE-listed Chinese stocks

By Louise Lucas in Hong Kong

Securities regulatory authorities in Hong Kong and Beijing are seeking to facilitate simultaneous listings in the colony and New York.

The decision comes less than a month after the flotation of Shandong Huaneng, the first company to acquire a primary listing in New York. A further four China companies from the 13-strong 1994 batch of Chinese overseas listings are slated for the US.

Hong Kong regulators are eager to enhance the colony's international reputation and obtain the extra business generated by offering a secondary market in New York-listed China companies. Investment bankers and investors are also behind the move.

Mr Andrew Liu, president and managing director at Morgan Stanley Asia, said: "In the long run [dual listings] are clearly going to be the trend. There are just mechanical problems vis-á-vis facilitating such listings, for example because of the different subscription systems used [in the US and Hong Kong].

"But the stock exchange has indicated its willingness to us and other firms, and we are having discussions about the rule changes they might need to make."

Issues include who has jurisdiction in a simultaneous US-Hong Kong listing, prospectus differences and underwriters' role in price stabilisation following a new listing.

Hong Kong regulators are still undecided on whether a New York-listed China company would have to build in additional shareholder rights and protections to bring them in line with H share listings. However, as the bulk of trading is expected to be concentrated in the colony, the Securities and Futures Commission (SFC) is likely to insist on this.

Another key area is pricing. The stock exchange is in the process of finalising its report on pricing mechanisms.

Spanish bank deals keep French franc sector alive

By Graham Bowley

The French franc sector of the eurobond market saw further activity yesterday as two Spanish banks followed Abbey National's FFr2bn issue on Wednesday.

INTERNATIONAL BONDS

Santander International launched a FFr2bn offering of 10-year bonds, priced to yield 43 basis points above the underlying French government bond. Joint lead manager J.P. Morgan reported strong demand from French institutional investors and institutions in the UK and Germany.

Argentaria Global Finance brought a smaller offering to the shorter end with a FFr1.5bn issue of three-year bonds priced to yield 38 basis points over the underlying French government bond.

The deal met good demand in France from institutional investors, lead manager Crédit Lyonnais said. The proceeds were believed to have been swapped back into pesetas.

"International demand is returning for French francs, with particularly attractive spreads against Germany," said one syndicate manager. "The market has dropped quite a bit recently so that it is now at very interesting levels for investors across the whole of the yield curve."

Ford Credit Canada brought a C$150m offering of five-year eurobonds destined for retail investors in Switzerland and the Benelux countries, lead manager Wood Gundy said.

"With C$1.6bn due for redemption in October, investors are beginning to look for new products in the Canadian dollar market," said one syndicate manager.

The bonds were priced to yield 40 basis points over the underlying government bond. Syndicate managers reported some unexpected retail demand from Hong Kong.

Swedish Export Credit launched a $150m issue of three-year eurobonds, bought entirely by lead manager Swiss Bank Corporation. SBC said the bonds were mainly taken up by Swiss retail investors. The spread on the bonds was believed to be around 17 basis points over Treasuries.

● Zeneca, the bioscience group demerged from ICI last year, has filed a shelf with the US Securities and Exchange Commission for an amount of $750m. It incorporates a medium-term note programme lead-managed by Merrill Lynch.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Swedish Export Credit	150	6.75	101.1375	Oct.1997	undisd.	-	Swiss Bank Corp.
YEN							
Landesbank Rheinland-Pfalz	10bn	4.21	100.00	Sep.1999	undisd.	-	Salomon Brothers Intl.
FRENCH FRANCS							
Santander International	2bn	8.375	99.636R	Oct.2004	0.375R	+43(5½%-04)	JP Morgan & Cie.
Argentaria Global Finance	1.5bn	7.375	99.73R	Oct.1997	0.22R	+38(8½%-97)	Crédit Lyonnais
D-MARKS							
Rabobank Nederland	300	6.75	101.415	Oct.1999	2.50	-	DG Bank
Bangkok Bk.of Commerce(a)‡ϕ	100	4.375	100.00	Oct.1999	2.75	-	Bayerische Vereinsbank
CANADIAN DOLLARS							
Ford Credit Canada(l)	150	9.00	99.325R	Oct.1999	0.325R	+40(7¾%-99)	Wood Gundy
ABB Finance	100	8.375	99.79R	Oct.1997	0.20R	+15(l)	Swiss Bank Corp.
LUXEMBOURG FRANCS							
Crédit Commercial de France	2bn	8.125	102.30	Nov.1999	1.75	-	BCEE

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ϕWith equity warrants. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) Fixing: 19/9/94. l) Over interpolated yield. § Long 1st coupon.

Correction
Ireland

Ireland's 1995 foreign borrowing needs are likely to be I£1.4bn, and not I£4bn as wrongly reported yesterday.

Landesbank in note plan

Bremer Landesbank, the regional German bank 75 per cent-owned by Norddeutsche Landesbank, said yesterday it would establish a $1.5bn medium-term note programme. The decision follows the granting of an Aa1 rating by Moody's, the credit rating agency, writes John Gapper, Banking Editor.

It is the latest Landesbank to gain an investment-grade rating. Bremer operates both as a regional commercial bank in north-west Germany and a central bank for 17 local savings banks.

Mr Peter Hasskamp, chairman, said it was important to have a recognised rating, both to diversify its funding base and because of increased interest from international investors in the German bond market, where it gains most funding.

The programme, to be launched next month with Morgan Stanley as lead arranger, will include sales of French debt instruments, and placements with Japanese investors.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	95.7000	-1.050	9.68	9.37	9.48
Belgium		7.250	04/04	91.4000	+0.410	8.59	8.45	8.24
Canada *		6.500	06/04	84.3500	+0.250	8.94	8.76	9.03
Denmark		7.000	12/04	86.3700	+0.420	9.09	8.80	8.66
France	BTAN	8.000	05/98	102.0000	+0.120	7.33	7.24	7.21
	OAT	5.500	04/04	83.8700	+0.390	7.96	7.86	7.75
Germany Bund		6.750	05/04	95.2400	+0.470	7.45	7.30	7.20
Italy		8.500	04/04	80.3000	+0.700	12.02†	11.77	11.26
Japan	No 119	4.800	06/99	103.3780	-0.060	3.96	4.10	4.00
		4.100	12/03	97.0640	+0.100	4.55	4.73	4.65
Netherlands		5.750	01/04	88.9600	+0.440	7.42	7.32	7.21
Spain		8.000	05/04	81.4500	+0.720	11.22	11.06	10.58
UK Gilts		6.000	08/99	90-25	+18/32	8.31	8.26	8.42
		6.750	11/04	87-26	+25/32	8.56	8.44	8.67
		9.000	10/08	103-13	+30/32	8.58	8.49	8.72
US Treasury *		7.250	08/04	99-26	+3/32	7.28	7.20	7.38
		7.500	11/24	99-13	+7/32	7.55	7.48	7.64
ECU (French Govt)		6.000	04/04	83.8400	+0.490	8.52	8.41	8.10

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
		One month	4.54	Two year	6.20
Prime rate	7¾	Two month	4.69	Three year	6.50
Broker loan rate	6½	Three month	4.86	Five year	6.89
Fed.funds	4¾	Six month	5.06	10-year	7.27
Fed.funds at intervention	4¾	One year	5.58	30-year	7.55

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	112.40	112.68	+0.68	112.78	112.30	170,449	83,234
Dec	111.48	111.72	+0.84	111.82	111.40	30,015	69,586
Mar	110.84	111.06	+0.62	110.84	110.78	756	4,577

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Oct	Calls Dec	Calls Mar	Puts Oct	Puts Dec	Puts Mar
111	1.33	2.22	2.40	0.63	1.52	2.55
112	0.73	1.60	-	1.14	1.93	-
113	0.36	1.14	-	1.71	2.40	-
114	0.12	0.70	-	-	3.10	-
115	0.04	0.46	-	-	3.73	-

Est. vol. total, Calls 12,859 Puts 36,244. Previous day's open int., Calls 196,775 Puts 289,399.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	89.39	89.64	+0.48	89.74	89.25	115599	140015
Mar	88.73	88.86	+0.45	88.86	88.70	32	1059

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Oct	Calls Nov	Calls Dec	Calls Mar	Puts Oct	Puts Nov	Puts Dec	Puts Mar
8950	0.65	1.07	1.29	1.39	0.51	0.93	1.15	2.03
9000	0.39	0.81	1.03	1.17	0.75	1.17	1.39	2.31
9050	0.21	0.59	0.80	0.95	1.07	1.45	1.66	2.59

Est. vol. total, Calls 9785 Puts 14795. Previous day's open int., Calls 159309 Puts 160014

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	96.41	-	-	-	0	0

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.62	96.71	+0.34	96.79	96.08	28144	59238
Mar	95.65	95.87	+0.37	95.65	95.46	60	130

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
9650	2.58	1.76	2.37	2.39
9700	2.31	1.55	2.60	2.68
9750	2.05	1.36	2.84	2.99

Est. vol. total, Calls 229 Puts 1155. Previous day's open int., Calls 6000 Puts 9720

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	86.47	87.05	+0.76	87.06	86.40	45,589	84,947
Dec	85.05	85.67	+0.81	85.90	85.05	7,731	33,302

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	101-03	101-24	+0-26	101-23	100-28	2206	26532
Dec	100-15	101-02	+0-27	101-05	100-02	55243	86923
Mar	-	100-14	+0-27	-	-	0	0

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
101	2-04	2-48	2-00	3-18
102	1-34	2-18	2-30	3-54
103	1-09	1-58	3-04	4-30

Est. vol. total, Calls 10510 Puts 1215. Previous day's open int., Calls 18048 Puts 22518

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	80.80	80.90	+0.48	80.94	80.66	550	4,709
Dec	80.10	80.36	+0.46	80.40	80.10	838	4,230

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	102-11	102-12	+0-04	102-16	102-10	23,839	137,197
Dec	101-16	101-16	+0-03	101-22	101-14	332,893	296,301
Mar	100-23	100-27	+0-05	101-30	100-23	375	7,826

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	107.95	-	-	108.10	107.95	1883	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Sep 8	Day's change %	Wed Sep 7	Accrued interest	xd adj. ytd		Low coupon yield Sep 8	Low Sep 7	Low Yr. ago	Medium coupon yield Sep 8	Medium Sep 7	Medium Yr. ago	High coupon yield Sep 8	High Sep 7	High Yr. ago
1 Up to 5 years (24)	120.29	+0.37	119.85	1.57	8.01	5 yrs	8.42	8.54	6.34	8.54	8.65	6.48	8.63	8.77	6.66
2 5-15 years (21)	139.30	+0.60	138.46	1.84	9.22	15 yrs	8.50	8.59	7.01	8.62	8.72	7.14	8.91	8.97	7.39
3 Over 15 years (9)	155.13	+0.86	153.81	1.12	9.81	20 yrs	8.44	8.54	7.14	8.62	8.72	7.22	8.76	8.82	7.41
4 Irredeemables (6)	177.80	+0.87	176.27	2.54	8.83	Irred.†	8.53	8.61	7.33						
5 All stocks (60)	136.77	+0.57	135.99	1.65	8.97										

Index-linked	Thu Sep 8	Day's change %	Wed Sep 7	Accrued interest	xd adj. ytd		Inflation 5% Sep 8	Inflation 5% Sep 7	Inflation 5% Yr. ago	Inflation 10% Sep 8	Inflation 10% Sep 7	Inflation 10% Yr. ago
6 Up to 5 years (2)	185.74	+0.06	185.63	0.77	3.95	Up to 5 yrs	3.76	3.77	2.49	2.70	2.71	1.73
7 Over 5 years (11)	173.82	-0.08	173.97	0.96	3.46	Over 5 yrs	3.79	3.79	3.20	3.61	3.60	3.03
8 All stocks (13)	174.19	-0.07	174.30	0.94	3.49							

Debentures and Loans	Thu Sep 8	Day's change %	Wed Sep 7	Accrued interest	xd adj. ytd	5 year yield Sep 8	Sep 7	Yr. ago	15 year yield Sep 8	Sep 7	Yr. ago	25 year yield Sep 8	Sep 7	Yr. ago
9 Debs & Loans (75)	127.94	+0.49	127.44	2.27	7.73	9.65	9.72	7.65	9.58	9.65	8.03	9.53	9.59	8.18

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Sep 8	Sep 7	Sep 6	Sep 5	Sep 2	Yr ago	High*	Low*
Govt. Secs. (UK)	91.65	91.26	91.08	91.59	91.71	102.54	107.04	90.99
Fixed Interest	108.20	107.89	108.25	109.02	110.03	125.04	133.87	107.33

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Sep 7	Sep 6	Sep 5	Sep 2	Sep 1
Gilt Edged bargains	79.8	85.3	91.4	121.7	84.1
5-day average	92.5	93.3	92.7	89.8	80.6

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
Shorts" (Lives up to Five Years)						
Treas 9pc 1994‡‡	8.94	5.15	100⅝	—	103⅞	100⅛
12pc 1995	11.72	5.48	102⅜	—	107⅛	102⅜
Exch 3pc Gas 1990-95	3.05	5.66	98⅛	—	98⅛	97⅛
10¼pc 1995	9.92	6.23	103⅛	—	107⅞	103⅛
Treas 12¾pc 1995‡‡	11.85	6.66	106⅞	—	113⅝	106⅞
[illegible]						

Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
Treas 11¾pc 2001-4	10.23	8.91	112¾xd	+½	129⅞	110⅞
Funding 3½pc 1999-4	4.84	7.52	72⅝	+⅝	86⅝	71⅛
Conversion 9½pc 2004	9.05	8.70	105	+⅝	125⅛	103
Treas 6¾pc 2004‡‡	7.71	8.55	87⅜	+⅞	105⅛	85⅞
Conv 9½pc 2005	9.02	8.67	105⅜	+⅝	125½	103⅛
Treas 12½pc 2003-5	10.31	8.99	121⅛	+⅞	143⅞	118⅞
[illegible]						

Index-Linked	Notes	Yield (1)	Yield (2)	Price £	+ or -	1994 High	1994 Low
2pc '96	(67.9)	2.65	3.89	199⅛xd	+⅛	203⅝	197⅞
4⅝pc '98‡‡	(135.6)	2.75	3.51	107⅛	+⅛	113⅝	106⅛
2½pc '01	(78.3)	3.33	3.73	165⅞xd	-⅛	176⅞	163½
2½pc '03	(78.8)	3.44	3.76	161⅞	-⅛	173⅝	159⅞
4⅜pc '04‡‡	(135.6)	3.44	3.75	108⅞	-⅛	118⅜	107⅛
2pc '06	(69.5)	3.51	3.75	168⅛	-⅛	184⅞	165⅞
[illegible]							

Other Fixed Interest

[illegible]

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on September 8

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	91⅝	91⅞		7.86
United Kingdom 7¼ 97	5500	101⅜	101½		6.62
Volkswagen Intl Fin 7 03	1000	94¾	95¼	+⅛	7.84
Abbey Natl Treasury 8 03 £	1000	91⅞	92⅛	+⅛	8.41
Alliance Leics 11¾ 97 £	100	106¾	107¼	+¼	8.40
[illegible]					

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. [illegible]

Good summer weather across Europe boosted soft drink sales

Cadbury up 23% to £166.2m

By Roderick Oram
Consumer Industries Editor

Higher volumes of soft drink and sweet sales helped Cadbury Schweppes lift its interim pre-tax profits by 23.2 per cent from £166.2m to £204.8m.

The UK was a strong market for both sides of its business and the US showed a sharp increase in soft drinks. But some continental Europe markets and and Australia suffered from local problems.

Mr Dominic Cadbury, chairman, said the second half was off to a strong start with good summer weather across Europe boosting soft drink sales.

The interim dividend rises 27.8 per cent to 4.6p (3.6p) to reflect earnings growth and a re-balancing of interim and final payouts. Earnings per share were 13.42p (12.21p).

Cadbury's trading margin widened to 12.1 per cent from 10 per cent thanks to cost savings as well as higher sales volume. Trading profits rose 25 per cent to £213.9m (£171.1m) on sales ahead 3.5 per cent at £1.77bn (£1.71bn) in the six months to June 18.

Soft drinks in the UK were one of Cadbury's best performers despite a 6 per cent fall in prices due to stiff competition from own-label brands such as J. Sainsbury's Classic Cola.

Coca-Cola & Schweppes Beverages, its joint venture with Coca-Cola, raised volumes by 2 per cent and trading profits by 20 per cent, thanks in part to further cost savings.

The division, which includes other business such as Sodastream, had trading profits of £51.6m, up 12.7 per cent, on sales down 3.7 per cent at £351.7m

In confectionery, UK trading profits rose by a quarter to £41.5m on sales ahead 8.4 per cent at £387.9m. Chocolate sales volume gained 4 per cent *in line with the market*. Trebor Bassett's sugar sweets increased their market share while the Maynard brand became market leader in fruit sweets.

● COMMENT

Once again Cadbury Schweppes has showned its talent for pushing its brands in trying conditions and developing new markets. On present form before another Spanish restructuring charge of about £25m it can produce pre-tax profits of about £500m for the full year, or 34p a share, for a prospective multiple of 13.5. But there are adverse factors to keep an eye on. In the UK soft drinks market, a combination of falling prices, stagnant *revenues and* ultimately finite cost-cutting measures will make it difficult for the company to push profits higher in coming years. Much more work is needed in order to pull continental European soft drinks together. Until these problems are solved, the shares are fairly rated.

Coke survives the Sainsbury challenge

Sales of Coca-Cola in J Sainsbury stores fell 15 per cent in the first half after the UK's largest supermarket chain launched its own brand of cola, according to Coca-Cola & Schweppes Beverages, the Coke bottler, writes Roderick Oram.

But overall sales to Sainsbury by CCSB, a joint venture between Cadbury Schweppes and Coca-Cola, were up 4 per cent in *the first half thanks to higher sales of* non-cola soft drinks, Mr Derek Williams, head of CCSB, said yesterday.

Sainsbury, which had a weak position in the own-label cola market, unveiled its Classic Cola in late April to try to capture sales from branded colas.

"*We've responded successfully to* that challenge," said Mr David Wellings, Cadbury's chief executive. "Own label is not a new or terrifying *phenomenon for us." With Sainsbury's* cola, "we are talking only one product and one customer".

Only some 4 per cent of Coke's sales are to Sainsbury. Overall, Coke's UK sales volume will rise by about 8.5 per cent this year, Mr Williams said.

Sainsbury said bottles of Classic Cola now accounted for about 65 per cent of the chain's bottled cola sales against 25 per cent before the launch. Cans *accounted for about 55 per cent of can* sales gainst 3 per cent.

Lack of exceptionals cuts Sema to £13m at midway

By Paul Taylor

Sema Group, the Anglo-French computing services company, yesterday reported a strong underlying increase in first-half profits, although the absence of exceptional gains on disposals meant pre-tax profits fell from £15.2m to £12.6m.

Excluding disposals, pre-tax profits on ordinary activities increased by 34 per cent to £14.2m in the six months to June 30, up from £10.6m.

There were losses this time of £1.64m from the disposal of I-Linie, the German software products business, to IBM, compared with profits of £4.63m.

Earnings per share slipped from 10.46p to 9.13p, but adjusting for disposals they rose from 7.05p to 8.79p. An interim dividend of 1.6p (1.2p) has been declared.

About 40 per cent of the equity is held by Paribas and France Télécom, while Cap Gemini Sogeti, a rival computer services group, has 27.7 per cent.

Group turnover grew by 28 per cent to £298m (£233m), underpinned by strong organic growth in the UK for the second successive year and by more modest growth in France.

The latest results also include a full six months contribution from the Swedish facilities management, information services, consulting and systems integration businesses of the state-owned SKDforetagen group which were acquired in October.

Market shows relief over Enterprise Oil results

By Peggy Hollinger

Shares in Enterprise Oil rose 13p yesterday to 400p, revealing the market's relief over slightly better-than-expected interim results in spite of record lows in the oil price.

A 17 per cent reduction in operating costs, lower exploration expenses and higher production all helped to offset the effects of an 18 per cent fall in average oil prices to £10.10. Operating profits were 4 per cent higher at £68.4m on turnover 3 per cent ahead to £299m.

Net profits fell from £80.6m to £8.5m. This sharp fall was due to the £24m costs of the failed bid for Lasmo, interest costs of £15m (gains of £5.2m), and the absence of a £27m tax credit. Last year, the government abolished relief on exploration and appraisal costs which has resulted in higher tax charges this year. The £24m deficit form the bid covered printing costs, lawyers' fees and due diligence costs.

Elf Enterprise, the joint venture with Elf Aquitaine, incurred losses of £2.2m, against gains of £9.2m last time.

Enterprise increased its production by 25 per cent to 196,450 barrels of oil equivalent per day.

The dividend was maintained at 6.5p. Earnings fell from 15.8p to 0.1p per share. However, cash flow per share – which is often considered a more appropriate measure for valuing oil companies – was 33p.

Plantsbrook advances 8% despite fall in death rate

By Caroline Southey

Plantsbrook, the funerals group which is subject to a £193m takeover bid by Service Corporation International of the US, yesterday reported an 8 per cent rise in interim profits.

Pre-tax profits rose from £5.96m to £6.44m in the six months to June 30 while a £845,000 contribution from acquisitions lifted turnover from £26.3m to £27.1m.

Mr Peter Hindley, chief executive, said the sales increase was achieved despite a 2 per cent reduction in the death rate over the comparable period last year. He said the fall was expected following the unusually high rise in the death rate last year.

Fully diluted earnings per share rose from 3.83p to 4.11p. An interim dividend will not be paid following the directors' decision to recommend SCI's offer.

The company ended the period with net cash of £488,000, against £995,000. The interest charge fell from £460,000 to £292,000.

Mr Hindley said Plantsbrook had taken advantage of opportunities in the property market and extended its branch network.

Its geographical base was extended with the acquisition of a business in York in January and a further 15 branches were added to its Scottish network with the purchase of DB Henry in February and Potts in Glasgow in June. Four more branches were opened.

SCI, the largest funeral operator in the US, has also established itself as the biggest UK operator, securing 15 per cent of the market through its purchase of both Plantsbrook and its only listed competitor, Great Southern Group.

SCI is paying 175p a share for the 46.3 per cent stake held by Plantsbrook's largest shareholder, Pompes Funebres Generales, the French funerals group.

The board of Plantsbrook has recommended the offer to shareholders.

Charges mask improved performance at Cookson

By Paul Taylor

Exceptional charges totalling £49.4m, including goodwill write-offs of £36.5m, masked strong underlying sales growth and a sharply improved first-half profit performance at Cookson, the specialist industrial materials group.

Pre-tax profits after the exceptional items, which mainly related to the sale of 25 engineering subsidiaries to a management buy-out team in March, fell to £3.6m. The restated figure of £42.4m for the year-ago period included a £5.5m net profit on disposals.

Excluding the exceptional items, pre-tax profits in the six months to June 30 jumped by 46 per cent to £53.8m (£36.9m), on turnover up 8 per cent to 769.1m (£710.1m).

On a like-for-like basis, after adjusting for exchange rate movements and acquisitions and disposals, turnover grew by 12 per cent. Net interest costs fell from £12.9m to £9.7m.

On an non-adjusted basis the group posted a 2.4p loss per share (5.6p earnings). However, *the interim dividend is raised* to 3.2p (3p).

The figures, particularly the sales growth, were ahead of market expectations and the shares closed up 7p at 259p.

Operating profits increased by 28 per cent to £63.5m (£49.8m), or by 31 per cent on a like-for-like basis.

Mr Richard Oster, chief executive, said despite pressure on group margins the return on sales rose from 7 per cent to 8.3 per cent - edging closer to the target of more than 10 per cent.

Mr Oster said trading in the electronic materials and plastics businesses was particularly strong. Most of the businesses in the ceramics and engineered products divisions also contributed to the "substantially improved half-year results."

Net borrowings at June 30 stood at £163m, representing gearing of 27 per cent.

● COMMENT

Cookson is continuing to make progress towards its strategic goals. The sale of the engineering businesses concluded the short-term divestiture programme of non-core businesses, margins are increasing and all of the 23 loss-makers of *two years ago have been* turned around. The underlying sales growth now being achieved is impressive, *prompting some analysts to* raise their forecast yesterday. Pre-tax profits, excluding *exceptionals*, of at least £115m now look possible this year. Cookson is more than just a recovery play and deserves its premium prospective p/e rating of 18.6.

Trevor Humphries

Richard Oster: pressure on margins throughout the group

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Arjo Wiggins	int	2.65	Nov 15	2.65	-	6.5
Avonmore Foods	int	1.65♣	Oct 22	1.55	-	3.3
Blue Circle	int	3.75	-	3.75	-	11.25
Bostrom	int	2.5†	-	2.5	-	6
British Gas	int	6.4	-	6.4	-	14.5
BTR	int	5.2	-	4.95	-	12.25
C'bury Schweppes	int	4.6	Nov 25	3.6	-	14.4
Canadian Pizza	int	2.4	-	-	-	3.6
Church	int	3	Oct 27	3	-	13
Cookson	int	3.2	Dec 1	3	-	8.3
Dartmoor Inv	int	2.8	Oct 28	2.5	-	11.6
Enterprise Oil	int	6.5	-	9.5	-	16
Fairhaven Intl	int	0.5♠	Nov 3	0.5	-	1.8
G'more Val Inv	int	0.9525	-	0.9525	-	1.9140
Glaxo	fin	18	-	15	27	22
Gowrings	int	1	Nov 3	1	-	2
Hall Engineering	int	5	-	6.48	-	9.5
HTR Jap Sma Inv	int	0.45p	Nov 3	-	-	-
Laing (John)	int	3	-	3	-	9
Manders	int	2.9†	-	2.9	-	10
Newman Tonks	int	2.75	Oct 28	2.53	-	6.2
OGC	int	1.8375	-	1.75	-	5.25
PCT Group	int	2.7	Nov 10	2.5	-	7.25
Plantsbrook	int	nil	-	1.1	-	3.4
Porvair Int	int	1.6	Oct 25	1.4	-	4.2
Princedale §	int	0.2	-	nil	-	0.25
Royal Doulton	int	1.75	-	-	-	3
Sema	int	1.6	-	1.2	-	3.1
Sun Alliance	int	5.5	-	5.25	-	14.75
TLS Range §	int	0.5	Oct 14	-	-	0.5
Tottenham H	fin	1	Nov 12	5	1	5
Yorkshire Food	int	0.8	-	0.72	-	3.2

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ♠US currency ♣Irish currency

COMPANY NEWS: UK

Further restructuring at Swinton will involve 64 branch closures and £8m provision

Sun Alliance near trebled at £180m

By Christopher Price

Sun Alliance, the composite insurer, yesterday reported a near-tripling of pre-tax profits from £61.7m to £180.2m for the first six months of 1994.

The results were in line with analysts' forecasts and continued the recovery, particularly in the UK market, seen among the other general insurers.

However, there was evidence of increasing competition in the UK home and motor insurance markets, where premium income retreated 11 per cent to £443m (£501m).

The company also announced a further restructuring of its Swinton high street insurance intermediary, which will involve the closure of about 64 out of a total of 690 branches and a provision of £8m.

The turnround in the UK overall resulted in an underwriting profit of £33m, against a £100.6m loss.

Mr Roger Taylor, chief executive, said: "This was achieved as a result of the consistent application of firm underwriting practice." Tighter risk selection and rating measures had also contributed.

The underwriting loss including Sun Alliance's overseas business fell to £36.8m (£153.1m).

Premium income from the UK commercial insurance business increased £16m to £469m, although the life insurance side was hit by slack demand in the housing market and slipped £9m to £364m. Investment income, on the other hand, grew 5 per cent to £186.1m (£177.3m).

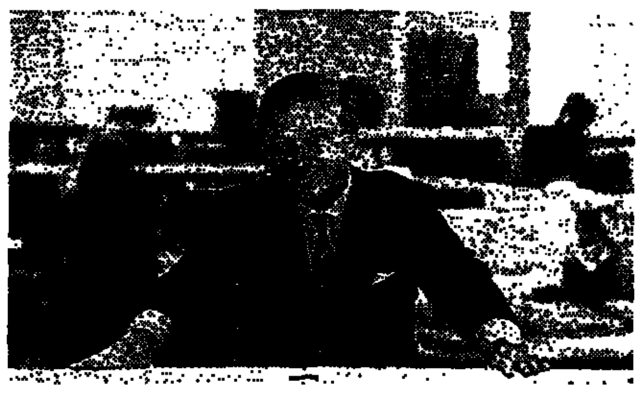
Overall, premium income from general insurance increased from £1.73bn to £1.79bn. Life insurance premium income grew 13 per cent to £576.9m (£509m).

The solvency margin, which measures non-life premium income as a percentage of net assets, was 56 per cent, compared with 64 per at the year-end. Net assets stood at £1.72bn, against £2.01bn.

Earnings per share increased from 5.2p to 18.2p, while the interim dividend has been raised 4.8 per cent to 5.5p.

● COMMENT

There was much to be cheerful about in yesterday's results from Sun Alliance. But, as the restructuring at Swinton shows, the company is more heavily exposed than any of its competitors to the UK insurance market, with rates beginning to soften and competition from direct sellers beginning to bite. Forecast profits of £375m-£420m mean the company could produce earnings of 41p. A dividend increase to 15.75p for the full year would give a prospective yield of 5.9 per cent. That is about average for the sector and is likely to limit any upside in the shares. However, bulls will point out Sun's traditionally high investment exposure to UK equity and property, which means the company is well placed to benefit from the continuing recovery in those market conditions.



Tony Andrews

Roger Taylor: tighter risk selection and rating measures

Blue Circle's advance fails to please investors

By Andrew Taylor, Construction Correspondent

Blue Circle, Britain's biggest cement group, yesterday announced a 46 per cent rise in underlying profits, but this was not enough to prevent its share price falling by 14p to 300p.

Profit taking and concern that the recovery in UK cement demand will slow next year took the gloss off the half-year figures.

Profits from continuing businesses rose from £60.5m to £88.4m. This represented a further substantial improvement on profit increases of 77 per cent and 31 per cent in the two preceding six-month periods, said Mr Keith Orrell-Jones, group managing director.

However, a £40.3m provision – of which £35.1m was due to a goodwill write-off on the sale of the New World cookers business – depressed pre-tax profits which fell from £60.5m to £48.1m.

Earnings per share, before exceptionals, rose from 5p to 7.5p. The interim dividend is being maintained at 3.75p.

The UK cement division led the first-half improvement with operating profits more than doubled to £28.2m (£12.1m) on the back of an 11 per cent volume increase and a 1 per cent rise in prices compared with the first six months of 1993.

Operating margins of 18 per cent on expected UK sales of 6.5m tonnes this year are now not far short of the peak of 22 per cent on 9m tonnes in 1989.

Mr Orrell-Jones said the biggest reason for the improvement was cost-savings worth £2m a month, introduced in the previous two years.

US cement, concrete and aggregates profits also rose sharply from £6.6m to £11m, helped by improved efficiencies and higher prices. Profits would have increased further but for bad winter weather.

Cement and concrete profits in Chile had risen slightly to £17.6m (£16.5m) but reduced demand for high-rise buildings in Santiago meant that sales were likely to come under pressure.

Elsewhere, African profits rose from £5.5m to £8.9m, while Malaysian profits slipped from £9.9m to £8.9m.

Home products profits rose only slightly to £24.5m (£24.2m) but this masked improved profits from Italy, Sweden and France, as well as from UK bathrooms. Profits from Germany fell, as did those from UK heating.

● COMMENT

Blue Circle has done a tremendous job in cutting costs. The pace of improvement, however, is likely to diminish with UK cement volumes expected to increase by about 2 per cent next year compared with 8 per cent in 1994. Construction recovery in the US is also likely to slow, while there is a limit on how much more margin Blue Circle's good housekeeping can generate in building materials. This may not be a problem if the home products business finally delivers, but this market remains tough in the UK. Pre-tax profits this year of £200m (after New World provisions) and £270m next places the shares on prospective multiples of 19 and 13, which looks dear enough.

Glaxo feels growing pressure on top-selling drugs

By Tim Burt

A steady improvement in profits at Glaxo, Europe's largest pharmaceuticals company, yesterday threatened to be overshadowed by growing market pressure on some of its top selling drugs.

While showing a 10 per cent increase in full-year profits, the UK group admitted that at constant exchange rates its performance had been held back by slowing sales growth from products such as Zofran – used to treat nausea in patients undergoing chemotherapy – and Ventolin, its long-established anti-asthma drug.

Even Zantac, the world's best-selling drug, failed to keep pace with growth in the anti-ulcer market of 11 per cent in the year to June 30.

Sir Richard Sykes, chief executive, said a number of drugs were facing challenges from cheaper generic rivals, while pricing pressures had also seen the group lose sales in some important markets, including Germany, France and Japan.

"We have seen slower growth rates and some markets will continue to be difficult," he warned. "But things are still moving in the right direction and we will continue to support our best-sellers."

Of those top products, Zantac continued to dominate – – accounting for 43 per cent of total turnover – and Sir Richard predicted further progress if approval was secured for over-the-counter sales.

The group's overall market position would also be strengthened by the success of its five fastest growing products. While only accounting for 10 per cent of total turnover last year, these products enjoyed average sales growth of 161 per cent.

That improvement was led by Imigran, its migraine treatment, which doubled sales to £243m. And, although revenues were adversely affected by government healthcare reforms in some European countries, Glaxo's overall rise in turnover exceeded market growth.

Meanwhile, costs were cut over the year as spending on marketing and administration fell from 36.4 per cent to 34.8 per cent as a proportion of turnover.

Jeff Jones

Sir Richard Sykes: drugs facing challenge from generic rivals

Bellwinch tops £0.5m as housing market firms

By Christopher Price

Bellwinch, the home counties housebuilder, yesterday confirmed the tentative recovery in the housing market, reporting pre-tax profits at £544,000 for the year ended June 30, against £161,000 last time.

Turnover rose 11 per cent to £17.47m (£15.69m). Earnings per share increased to 1.1p (0.9p), while the dividend was again passed.

The company said retained profits were being used to reduce the deficit in the profit and loss reserves, "bringing forward the date on which the directors can consider a resumption of dividend payments." The company last paid a dividend in 1989.

Mr Ray Davies, deputy chairman and chief executive, said he expected house price inflation of about 3 per cent this year.

Manweb buy-back

Manweb has become the fifth of the regional electricity companies to buy back its shares. It bought 1m yesterday at 870p each and 500,000 the day before.

The share closed yesterday at 866p, up 4p.

The other companies which have bought back the shares are Eastern Electricity, Seeboard, Sweb and Seeboard.

Avonmore down 9% to I£10m

Weak milk margins hit Avonmore Foods, the expanding Irish dairy and meat processor, which yesterday reported a 9 per cent drop in interim pre-tax profits to I£10.1m (£9.99m) on sales 15 per cent ahead at I£592m.

Mr John Duggan, chairman, said international markets for dairy products had yielded noticeably lower returns in the first half.

"This impacted adversely on margins in the Irish milk business," he said.

As a result, the dairy division's operating profit rose just 8.7 per cent to I£8.46m, on a 36 per cent jump in sales to I£320.4m.

Sales were boosted by the acquisition in July last year of the Dairy Crest liquid milk business. Mr Duggan said the division had also suffered an adverse impact from the longer-than-expected integration of the liquid milk operations in the south of England.

The meat operation was hit by weaker markets throughout Europe, particularly in Germany.

Profits fell from I£3.9m to I£2.8m on sales down by 5 per cent at I£304.4m.

Profits in the agricultural business fell from I£5.91m to I£5.4m on sales up by I£3.2m to I£67.3m.

The dividend was increased by 6.5 per cent to 1.65p. Earnings per share fell almost 11 per cent to 4.8p.

COMPANY NEWS: UK

Sharp drop in oil prices and lower UK gas sales contribute to fall to £630m

British Gas maintains dividend at 6.4p

By Robert Corzine

British Gas yesterday announced that it was holding its interim dividend at 6.4p, ending, at least temporarily, speculation that it was about to cut the dividend in response to growing domestic competition and regulatory uncertainty.

Mr Cedric Brown, chief executive, said the company would clarify its longer-term dividend policy on September 29, when it would disclose details of the strategic direction of the company.

Analysts had suggested that British Gas might use the excuse of regulatory pressure to correct what some see as the company's over distribution. The company pays about £700m a year in dividends.

Mr Brown made his comments after the company reported a reduced second quarter net loss on an historical cost basis of £4m, against £16m last time. Losses per share were 0.1p (0.4p). Second quarter figures are usually distorted by a seasonal downturn in demand.

Half-year profits fell to £630m (£634m) because of lower UK gas sales and the sharp fall in oil prices in the first quarter. Earnings per share were 14.5p (14.7p)

Although cold weather boosted gas sales in the company's remaining monopoly markets by 1 per cent, volumes in the competitive markets fell by 20 per cent.

This was offset by a £80m increase in transportation income as TransCo, the monopoly pipeline division, benefited from increased volumes from independent gas marketing companies.

Profits from exploration and production were down sharply from £196m to £138m. This was because of low oil prices and the temporary closure of the Morecambe Bay gas field, one of the company's lowest-cost reserves. The figures also include a £10m loss from Bow Valley, the Canadian subsidiary whose sale was finalised in August.

Capital expenditure was £150m lower than in the first half of 1993, and would be probably be lower for the full year, according to Mr Philip Rogerson, finance director.

Cash flow was boosted by disposal proceeds from the £609m sale of Consumers Gas in Canada.

Job loss programme proceeds on schedule despite being slowed by culture shift

Robert Corzine considers the reorganisation being undertaken by British Gas

Mr Cedric Brown, British Gas' chief executive, yesterday said the radical reorganisation was proceeding on schedule.

An additional 3,000 people being made redundant in the first half brings the year-on-year total to 10,000.

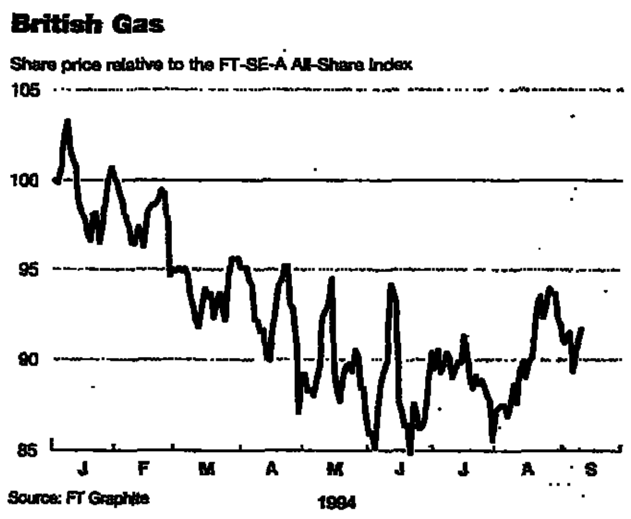
His comments, at the second-quarter results presentation, came after some analysts questioned the relatively slow pace of the programme, announced earlier this year. It involves the separation of the company into five business units and the loss of 25,000 jobs, a third of the workforce, over the next three to four years.

However the heads of two of the main units, TransCo, the transportation and storage arm, and Public Gas Supply, the domestic trading division, say substantial progress is being made.

Mr Harry Moulson, managing director of the Solihull-based TransCo, notes that under the old system there were "13 management levels between the chief executive and the guy who dug holes in the road. We are now going for five or six."

The top tiers of management had now been appointed, with mid-level and more junior supervisory slots soon to be filled. Mr Moulson says the way British Gas is conducting the restructuring, by filling management posts from the top down to allow each new layer of managers to determine the roles of those under their control, is one reason that the exercise was not moving more quickly.

The broad range of structural and cultural changes which TransCo is trying to introduce has also slowed the process. In addition to the complex task of splitting up an integrated company, executives are trying to change a business culture steeped in strict command and control to one in which "people will have a go and try things".



An even greater cultural shift will be required at the trading arm, according to Mr Mike Alexander, managing director of Public Gas Supply, the unit that will have to compete with independent gas marketing companies when the domestic market is opened up from the beginning of 1996.

Of the 7,000 people in his division, only "80-100 actually work for PGS," he says. The remainder will have to compete for their jobs, a process that promises to be intense.

He says closure of district and regional offices will build up over the next year or so. The first office closes in October and nine are due to be shut by the end of the first quarter next year. Those with the largest staffs will be closed by the end of 1995, by which time the number of district offices in his division will have fallen from 23 to eight or nine.

Mr Alexander says British Gas workers last year questioned why they were be forced to undergo such radical changes. They now simply ask: "When will I know I have a job?"

But he accepts there is still some resistance within the ranks. There are reports, for example, that some British Gas officials are engaged in efforts to preserve threatened jobs. There are also reports that jobs continue to be created, even in departments earmarked for sharp staff reductions.

Spurs blame 'draconian' FA fine for sharp fall

By Tim Burt

Tottenham Hotspur, the quoted North London football club, yesterday blamed a sharp fall in profits on a "draconian" fine over irregular payments to players.

Shares in the company closed down 10p at 143p after the group said pre-tax profits fell from £3.36m to £885,000 in the year to May 31.

Mr Alan Sugar, the club's combative chairman, said the decline was due mainly to "the outrageous fine handed down by the Football Association".

The company is understood to be considering legal action over the £1.5m penalty which, together with tax payments to the Inland Revenue, contributed to exceptional items of £1.79m.

Following "these unsavoury events", Mr Sugar said the board had decided to pay only a token dividend of 1p, compared with a 5p pay-out last time.

The club chairman, who also heads the electronics group Amstrad, said he was waiving his entitlement to dividends worth £81,000 on his 50.88 per cent shareholding.

Operating profits, meanwhile, fell from £3.16m to £1.14m on reduced turnover of £22.3m (£25.3m).

The figures were undermined by losses on player trading of £656,000, against a profit of £1.82m in 1993 following the sale of Paul Gascoigne to Lazio, the Italian club.

Earnings per share fell from 19.1p to 3.7p.

Nevertheless, the group's merchandising division defied the difficulties affecting the club by reporting profits of £339,000 (£208,000 losses).

The club, which has spent more than £5m on new players since the year end, was now well placed "to go forward profitably", according to Mr Sugar.

Spending on the players – Jurgen Klinsmann and Ilie Dumitrescu – is said to have been financed from cash resources and bank borrowings, which stood at £2.6m at the year end.

Shares fall 29p as Litho advance is less than expected

By Caroline Southey

Shares in Litho Suppliers, the printing products distributor which came to the market last November, fell 29p to close at 197p yesterday after it reported a lower-than-expected interim pre-tax profits increase of 10 per cent to £2.5m.

Turnover at the Midlands-based group was marginally ahead at £30.2m (£29.7m) helped by a 29 per cent rise to £1.7m in sales of traditional equipment such as plate and film processors and graphic arts cameras. Sales of consumables such as printing plates, films and chemicals, which account for 83 per cent of total turnover, advanced by 2 per cent to £25.1m. The division has increased the number of own-label products.

Mr John Byford, joint managing director, said small and medium-sized companies, Litho's main customers, were still experiencing a patchy recovery. "However, the recent recovery experienced by some larger printers may now feed through," he added.

Cost of sales rose from £23.9m to £24.5m and operating profits fell from £2.8m to £2.5m. Operating margins remained 19 per cent.

Net interest charges fell from £593,000 to £49,000 following the decision to use most of the proceeds of last year's £14.1m placing and intermediaries offer to cut borrowing. Net cash stood at £2.2m.

Litho has acquired Lonchem, a chemical products manufacturer, for £1m and is set to buy a printing inks manufacturer.

The interim dividend is 2.73p, a 5 per cent rise over the level indicated in last year's prospectus. Earnings per share were 6.1p (6.3p).

Emap seeks £77m for further acquisitions

By Raymond Snoddy

Emap is about to return to the takeover trail, funded by, in what is becoming its regular method, a substantial rights issue.

The media and exhibitions group's interests include a wide range of consumer magazines.

It plans to raise £77.2m net of expenses from a 1 for 8 rights issue at 360p a share, underwritten by Schroders, the merchant bank.

Sir John Hoskyns, chairman of Emap, said yesterday it continued "to see attractive opportunities to make small to medium-size acquisitions, which complement our core businesses."

The rights issue would allow it to maintain "an appropriate level of borrowings consistent with the cash generative nature of its businesses and their prospects in the light of the company's expectations for further growth in the economy."

It is believed that an acquisition could come in a couple of weeks, followed by another within the next two months.

Both are believed to be in the UK and in the business and consumer magazines divisions.

Within the next six months, if potential deals go well, more than half of the latest rights issue could be spent on targets which have already been identified.

In June 1992 Emap raised £78m through its first rights issue for eight years. The first acquisition to follow, the £12.6m purchase of the Northampton Mercury Company, came almost immediately. It was joined in August 1992 by the £4.9m purchase of the Local Government Chronicle.

By April this year Emap had spent £74m on acquisitions, the largest of which was the purchase for £27.8m of Thomson Business Magazines in February 1993.

The pattern of the past two years is likely to continue – the purchase of small to medium-sized companies, without taking on unacceptable levels of debt.

Emap does not, however, rule out a very large acquisition if the right opportunity presents itself, although there is no sign of that at the moment.

Since April, Emap has spent a further £105m in acquiring 38 magazines in France.

It has also made an unconditional offer to acquire the balance of Trans World Communications, the commercial radio group, which it does not already own. This will result in payments of about £50m.

Emap's last annual report said it was experiencing what it expected to be a gradual, but long term, improvement in advertising, which accounted for about 50 per cent of total revenue.

Yesterday Emap said this continued to be the case and that it was "making progress in line with expectations."

The rights issue was received well in the City and the share price fell by only 3½p to 414½p.

Canadian Pizza down 14% after warning

By David Blackwell

Canadian Pizza, which issued a profits warning in April just five months after flotation, yesterday reported a 14 per cent fall in interim profits and a 6 per cent drop in sales.

Pre-tax profits for the six months to July 2 fell from £1.66m to £1.42m. Sales fell from £8.82m to £8.28m.

The shares, floated last November at 200p, closed yesterday 5p ahead at 105p.

The profits warning followed a slowdown in sales to UK retail customers and a decision by J Sainsbury, its biggest client, to stop buying pizza crusts for its delicatessen operations.

Yesterday the company said the difficult climate was persisting. Sales to UK retailers, accounting for 50 per cent of turnover, were down 11 per cent. But the company had succeeded in obtaining nine new UK retail customers.

Sales from the catering division were also down, by 21 per cent. However, exports were 5 per cent ahead, and sales of crusts to other pizza makers were ahead by 22 per cent.

Pizza crust sales were 19 per cent up by volume, but only 4 per cent by value, reflecting the pressure on margins and the changing customer base.

Earnings per share were 5.7p (6.5p). The interim dividend is 2.4p.

Yorkshire Food falls £0.8m into red

By David Blackwell

Reorganisation and restructuring costs totalling £684,000 pushed Yorkshire Food Group, the Bradford-based food processor floated in March last year, £780,000 into the red in the first half.

However, turnover for the six months to June 24 advanced by 72 per cent from £29.5m to £50.6m following the first full-term contribution from last August's acquisition of Del Monte's dried fruit business in California.

Integrating the acquisition and repackaging the Del Monte brand for the US market accounted for £587,000 of the restructuring charge.

The seasonal nature of the business means that profits are weighted towards the second half, when 60 per cent of annual trading is done. Last year's first half ended in a pre-tax loss of £376,000.

Mr Mike Firth, chairman and chief executive, said yesterday that the overall performance was much better than the previous first-half, and he was confident of a satisfactory outcome for the year.

The increase in turnover, mainly from the US, included organic growth of 16 per cent. Higher direct sales to manufacturers, both in the UK and the US, accounted for 13 per cent and 9 per cent of turnover respectively.

This has reduced the group's dependence on UK retailers, which accounted for 19 per cent of sales, down from 24 per cent.

Net interest payable rose from £462,000 to £707,000, reflecting increased working capital, higher stocks ahead of the imminent Del Monte relaunch in the US, and £3m of investment in plant and machinery in the UK and the US.

The loss per share was down from 2.19p to 2.06p. The interim dividend was increased to 0.80p (0.72p).

Princedale tops £909,000

In line with the chairman's forecast at the AGM in April, profits of Princedale Group showed a marked improvement in the six months to June 30.

The USM-quoted marketing services and industrial concern reported pre-tax profits of £909,000 on turnover of £21.6m for the 1994 first half, against a loss of £71,000 on turnover of £4.47m for the first six months of the previous 15-month reporting period.

The outcome also compared favourably with the profit of £740,000 achieved for the whole of that 15 months.

Earnings for the six months emerged at 1.4p per share, against losses of 0.3p for the comparable period and earnings of 1.9p for the whole of the previous 15 months.

The interim dividend is restored with a 0.2p pay-out.

COMPANY NEWS: UK

Property sale behind rise at Laing

By Andrew Taylor, Construction Correspondent

Shares in John Laing, the construction, housebuilding and property development group, fell 21p to 269p after the company revealed that its construction business operated only at break even in the first six months of this year.

Group pre-tax profits, however, more than doubled to £11.9m (£5.1m) boosted by £9.9m of profits from the sale of a Belfast retail development to MEPC property group.

The company is paying a maintained dividend of 3p out of earnings per share of 9.4p (4.1p) after property profits.

The construction business earned operating profits of £5.2m in the first six months of 1993. Mr Martin Laing, chairman, said

the business had been undermined by too many companies chasing too little business in the UK, forcing them to bid for work at minimal or lossmaking margins.

There was also strong international competition for overseas construction work where margins, although better than in the UK, also were tight.

The group's strategy has been to invest in domestic and international private sector infrastructure projects including the Second Severn Crossing in the UK and power station projects in Malaysia.

These were expected to produce a more consistent and higher rate of return than general contracting, but were unlikely to make a significant contribution until the mid to late 1990s.

Europistas, the Spanish toll road company in which Laing has an 18 per cent stake, however, was expected to generate dividends this year of £3.4m against a book cost of £3m.

The first dividends from the Malaysian power station operation are expected next year, while the Severn Bridge is due to be completed in 1996.

Elsewhere the company's UK housebuilding side recovered from a £2.5m loss to a £2.1m profit. Property development profit, excluding the Belfast surplus, fell from £5.2m to £3m.

● COMMENT

Laing's strategy of selective investment in privately financed infrastructure projects cannot be faulted. It has made more progress in this area than any other UK company, barring perhaps Trafalgar House. It has a strong balance sheet, with net cash of £16.2m in June. Pre-tax profits of £22m this year and only slightly higher next year, when the tax charge may be about 20 per cent, put the group on a prospective p/e of about 17 for both years. This looks expensive, but patient shareholders may find it worth the wait.

Disposal helps Manders advance to £18m

By Peter Pearse

Mr Roy Amos, chairman of Manders, said yesterday that in a "transitional" first half the group had moved from the third to the first division in the international coatings and printing inks league.

Pre-tax profits of £18.3m for the six months to June 30 marked a sharp increase on last time's £4.92m. However, the latest figure included a £13.2m profit from the £55m disposal of the decorative paints division. Stripping out that item and including interest payable of £446,000 (£965,000) gives underlying profits only marginally up at £5.06m.

The shares closed down 4p at 349p.

In January Manders bought the inks business of Croda International for £26.7m and in May spent £38m on Premier Inks of the Netherlands. It also completed the sale of the Mander Centre, its Wolverhampton shopping centre, for £82m.

Mr Roger Akers, chief executive, said that the group, "now the fastest thing coming up on the rails," had always been strong technologically.

Excluding the recent £14m acquisition of Morrison-PIM, the group employed 165 chemists from a total of 800 people.

Its biggest competitors were now Sun-Dainippon, the US-Japan venture, BASF of Germany and Total of France.

Mr Amos confirmed that further expansion in Europe was being sought through acquisition, probably of small or medium-sized companies, although he did not rule out larger targets.

At June 30 Manders had cash balances in the UK of £32m, though the Morrison buy has reduced that figure. Mr Amos said he would be comfortable with gearing of up to about 30 per cent.

Margins had suffered in the UK from the change of business mix and would be 1 percentage point lower at 8.5 per cent in 1994. It was hoped they would be lifted via innovative products, such as cold set printing inks of the same quality as heat set. The aim was for a 10 per cent margin within "a year or so."

Earnings swelled to 32.52p (9.02p) on an FRS 3 basis, but were flat once adjusted. The interim dividend is held at 2.9p.

Coopers & Lybrand settles TGI claim

Coopers & Lybrand Deloitte has settled a longstanding legal claim by TGI, an electronics company which had accused the accountancy firm of negligence. Coopers continues to deny the charge but has said it will pay TGI £725,000 in final settlement.

The agreement ends a dispute whose origins lie in TGI's acquisition of Audix, Coopers' audit client. TGI took over Audix, a maker of public address systems, in 1989 and agreed a price linked to its new subsidiary's subsequent earnings.

Coopers signed off on Audix's 1989-1990 results but the profits reported for the financial year were later restated as a loss. TGI asked Coopers to resign and began legal proceedings.

Coopers' move to conclude the Audix affair follows a similar decision recently by a fellow Big Six firm. Touche Ross undertook to pay £1.35m to Caparo, a conglomerate which took over a Touche client, Fidelity, the electronics company. Both Coopers and Touche settled rather than risk the public scrutiny of their auditing procedures in court.

Strong margins rise helps Royal Doulton to £2.62m

By Peggy Hollinger

Trevor Humphries

Stuart Lyons: good start to year with demand up 3 to 4 per cent

A strong improvement in manufacturing margins helped Royal Doulton, the china table ware group, report pre-tax profits of £2.62m for the first half of 1994, against losses of £3.79m.

Sales were 4.4 per cent ahead at £101m, against £96.7m. Excluding currency effects the advance was 5.3 per cent.

Mr Stuart Lyons, chief executive, said the group had enjoyed a good start to the year in spite of difficulties in North America and Japan. Order books were running at their highest levels since 1989 and demand was estimated to be some 3 to 4 per cent ahead of last year.

This had allowed the factories to return to five-day working compared with four-day last year, and helped to improve factory margins from 42 to 44 per cent.

Profits were also enhanced by the absence of £3.1m in non-recurring items which arose as a result of the December demerger from Pearson, the media conglomerate which owns the Financial Times.

The group's first half was marred by difficulties in the North American distribution businesses, which fell victim to aggressive price cutting from competitors. The group had been forced to introduce cuts of between 8 and 15 per cent.

Mr Lyons said improved efficiency in the factories, higher output margins and rising sales allowed the group to cut prices there without any impact on profitability. Nevertheless, market share had fallen and North America now accounted for 30 per cent of overall sales, against 33 per cent last year.

Japan, where Royal Doulton has a 50 per cent owned joint venture, remained very competitive, and gross margins fell. Losses attributable to Royal Doulton came to £300,000. The group was in the process of buying the outstanding 50 per cent for £5m.

The dividend was set at 1.75p, an increase of 6 per cent on the notional dividend announced at the demerger. Earnings per share were 3.3p, against losses of 8.4p.

The shares closed 3p up at 310p. This represents a 60 per cent gain in the nine months since the group was demerged at 193p.

Quarterly changes to FT-SE Actuaries indices

The FT-SE Actuaries UK Indices Committee has issued the following statement:

The Committee has approved the following quarterly changes to the UK Series of the FT-SE Actuaries Share Indices, to take effect from Monday September 19 1994.

FT-SE 100. For inclusion: Schroders, 3i Group. For exclusion: NFC, Coats Viyella.

FT-SE Mid 250 and FT-SE Actuaries 350. For inclusion: London International Group, Redrow Group, Stagecoach Holdings, Howden Group, Chelsfield, Aegis.

For exclusion: Heath (CE), Peel Holdings, Norcros, Brake Brothers, Polypipe, Blenheim Group, ACT Group.

FT-SE SmallCap and FT-SE Actuaries All-Share. The following new issues will be included from Monday September 19 1994: Midland Independent Newspapers, McDonnell Information Systems, Graham Group, Inspec Group, London Clubs.

Companies promoted from the FT-SE Mid 250 to the FT-SE 100 will be replaced in the FT-SE Mid 250 by those companies excluded from the FT-SE 100.

Companies excluded from the FT-SE Mid 250/FT-SE Actuaries 250 will be included in the FT-SE SmallCap.

The FT-SE Actuaries 350 Industry Baskets will be adjusted to reflect these changes.

NEWS DIGEST

Avonside rises 20% to £2.64m

Avonside Group reported a 20 per cent rise in interim pre-tax profits from £2.2m to £2.64m and also announced plans for a phased withdrawal from housebuilding, writes Katrina Lowe.

Mr Christopher Glynn, chairman, said the group intended to focus on building services and distribution. It had entered into an agreement with the management of Parry Homes, its larger housebuilding subsidiary, under which its land bank would be progressively developed and sold.

In the first half, sales grew to £38.3m (£28.5m), including £28.1m (£20m) from building services. Operating profits from services increased to £2.08m (£1.39m) but housebuilding's input fell to £947,000 (£1.08m) due to pressure on margins.

Avonside is raising its interim dividend to 2.1p (1.9p) on earnings per share of 3.9p (3.41p).

The Parry agreement allows, subject to certain targets, for Parry to be sold to its management, led by Mr Robert Palin, the managing director.

Radius returns to black with £808,000

Radius, the USM-traded computer systems and maintenance company, announced it had returned to the black with a pre-tax profit of £808,000 for the six months to end-June.

The outcome compared with a deficit of £1.17m at the December year end and with a loss of £466,000 in the first half of 1993. Turnover grew to £12.3m (£10.7m).

Earnings per share came out at 1.8p (1.3p losses) and the company is resuming dividend payments with an interim distribution of 0.35p. Last year's final was passed, although there was an interim of 0.45p.

FIH bid for Elswick gets 60% acceptance

Ferguson International Holdings, the mini-conglomerate, had received acceptances to its £38m offer for Elswick, a rival label supplier, in respect of 124.1m shares, or 60 per cent of the equity, at the first closing date.

Ferguson said the offer had been extended and would remain open until 3pm on September 20. The mix and match election and the dealing facility remained available.

COMPANY NEWS: UK

No sign of slowdown as paper industry pulls out of recession

Arjo Wiggins jumps 67%

By Deborah Hargreaves

Arjo Wiggins Appleton, the Anglo-French paper company, reported a 67 per cent increase in pre-tax profits from £63m to £105.1m in the first half of this year, as the paper industry began to pull itself out of a worldwide recession.

"There is no sign of a slowdown: prospects for the second half of the year look extremely good as long as we can struggle to pass on pulp price increases," said Mr Alain Soulas, chief executive.

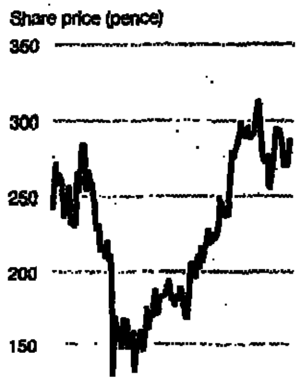
The company has been hit by wood pulp price increases of 45 per cent this year as the improvement in the market has led to a worldwide shortage of raw material.

Mr Soulas indicated that, for coated and carbonless grades of paper, the company had managed to pass on the price rises, but had little success in the fine paper market.

In addition, since June there have been two further pulp increases – amounting to Ecu 100 a tonne – which the company must try and pass on in the next couple of months.

Arjo Wiggins

Share price (pence)



Source: FT Graphite

Mr Soulas said that European paper prices in June had only recovered to the same level as in June last year after dropping in some cases by 25 per cent in the second half of last year.

Turnover was virtually unchanged at £1.44bn (£1.43bn) in the period, while sales volume increased by four per cent. Earnings per share were up 50 per cent to 8.1p, from 5.4p last time before exceptional costs.

The company held the interim dividend steady at 2.65p.

Mr Tim Rothwell, pulp and paper analyst at Barclays de Zoete Wedd, the London stockbrokers, said: "The market has under-estimated the upturn in the company and the result turned out above the top range of analysts' forecasts.

● **COMMENT**

Arjo Wiggins is well placed to take advantage of the cyclical upturn which has improved the fortunes of European paper companies. But without its own integrated pulp production, it is at the mercy of relentlessly rising raw materials costs and must struggle to pass these on to an unreceptive paper market. The company recognises this could lead to a squeeze on margins in the second half, but is nevertheless, optimistic. Paper prices are still 30 per cent lower than the last peak in the market in 1989, suggesting that there is potential for substantial price hikes. British investors may fear that the imminent departure of Mr Tony Isaac, the finance director, may leave their interests unrepresented on a board with no other British executive directors except Mr Cob Stenham, the chairman. Analysts have upgraded their forecasts for the full year on the basis of yesterday's results and expect pre-tax profits of between £175m and £205m and earnings per share of 16p. Next year, the company is estimated to earn £290m or 21.5p a share with the figure going up to £340m in 1996. At 287p the share price is not expensive for investors who want to take a bet on the next peak in the paper cycle.

Improved OGC helps Fairhaven to $7.1m

By Katrina Lowe

The continuing success of its Aberdeen oil services activities helped OGC International, the main asset of Fairhaven International, to increase pre-tax profits by 9.5 per cent from £5.33m to £5.83m in the first half of 1994.

Its Bermuda-registered parent, in which Fred Olsen has a 37.28 per cent holding, reported pre-tax profits of $7.1m (£4.58m). The previous interim profit of $37.4m was inflated by the $30m proceeds from the flotation of 40 per cent of OGC.

Mr Richard Wilson, OGC chairman, said yesterday that the joint venture of AOC International, its main operating subsidiary, Brown & Root had added a further two contracts.

Sales rose 18 per cent to £114.1m (£97.1m) at OGC. The Australian subsidiary, full ownership of which was acquired in December, contributed £10.8m of the growth. An interim dividend of 1.8375p has been declared, from earnings per share of 6.10p (5.69p).

Fairhaven said the impact of the improved performance by OGC was offset by a less favourable result at Belmont Constructors Inc. Group turnover of $237.2m ($207m)included $66m ($60.5m) from Belmont, reflecting increased activity in the industrial sectors which the subsidiary serves, as well as a new marketing team.

The interim dividend is maintained at 0.5 cents on earnings of 0.88 cents (13.85 cents).

Hall Engineering down sharply to £2.01m

By Andrew Baxter

Hall Engineering (Holdings), the automotive engineering, steel products and stockholding group, suffered a sharp fall in first-half pre-tax profits from £3.75m to £2.01m but expects a better performance in the second half of the year.

Turnover was up 10 per cent from £65m to £72.1m.

The interim dividend is reduced from 6.48p a share to 5p, but for the second year running the Shrewsbury-based company is offering an "enhanced" scrip alternative.

Earnings per share fell from 8.2p to 3.78p.

Shareholders are to be given the option of taking up new shares based on a 50 per cent enhancement to the cash dividend. For Hall, which derives its profits principally from abroad, the offer will reduce the amount of Advance Corporation Tax which it has to write off, and save about £2m of cash in a full year.

If the scrip dividend is approved a final dividend at least equal to the 3.02p final payout last year is expected, making a total of at least 8.02p for 1994 (9.5p). Otherwise, the interim dividend would be 3.3p.

Once again, the half-year results underline the importance for Hall of its associated companies, especially in the Pacific Basin. Even so, its share of profits from associated companies was £2.64m, down from £3.2m a year earlier, partly owing to increasing competitive pressure for BRC in Singapore.

Elsewhere, operating profit for the three core businesses, stockholding, steel reinforcement and engineering, dropped from £1.54m in the first half of 1993 to £493,000.

The stockholding business had a small loss of £46,000, compared with a profit of £366,000 a year ago, while reinforcement slipped from a £117,000 profit to a £339,000 loss. The engineering business saw profits fall from £1.05m to £878,000. However, Mr Richard Hall, chairman, said stockholding was likely to make a "very significant" profit in the second half, due to improved margins, and the reinforcement business was now looking much healthier.

The greatest uncertainty remained at Stadco in the engineering division, which has already been hit by postponement of part of a big production equipment contract for Audi. Stadco may have to declare 60 redundancies in the second half, costing as much as £500,000, if it fails to win two further big contracts from Volkswagen, worth £10m each.

Even so, Mr Hall said he would be disappointed if the group's profits fell below £4.5m this year.

Newman Tonks emerges with £9.7m

By Peter Pearse

Newman Tonks, the biggest manufacturer in Europe of architectural hardware, has emerged from its extensive reorganisation with a 20 per cent rise in pre-tax profits in the six months to June 30.

Profits grew to £9.7m (£8.11m) on total turnover of £135.6m (£128.7m). The shares eased 1p to 176p.

Mr Geoff Gahan, chief executive, said that as much reorganisation as was necessary at the moment had been carried out.

In the half year only a further 50 net jobs from a total of 4,500 had been lost. Between 1990 and June 1993 some 18 per cent of the workforce had been shed.

Mr Gahan said that although he believed the recession in the construction industry – in which 90 per cent of Tonks' business is involved – had ended, the recovery had not yet begun. However, he conceded that there had been "a strengthening in the forward order position."

The US turned in the brightest performance, with operating profits up 50 per cent to £2.96m on turnover 10 per cent ahead at £29.6m.

With the US recession, and the subsequent rationalisation there, pre-dating the European downturn by two to three years, the transatlantic business now had high operational gearing, where higher volumes quickly fed through to the profits line. Mr Gahan hoped the same process would be repeated in the UK and Europe, the group's other main markets.

UK profits rose by 5 per cent to £4.24m on turnover fractionally up at £81.9m (£81.4m).

Mr Gahan said he wanted profits to grow on the back of new products – the group spends about £8m a year on research and development. These costs are charged to the UK operation.

At June 30, borrowings stood at £33.6m (£27.9m at December 31) for gearing of 48 per cent. The increase followed April's £2.1m redemption of convertible preference shares and a £3.5m US acquisition.

Earnings rose 35 per cent to 5.04p (3.73p) and the interim dividend 9 per cent to 2.75p (2.53p).

Mr Gahan said he wanted to lift cover as well as the payment.

NEWS DIGEST

Bostrom doubles to £2.25m

Bostrom, the engineering, pressings and car seating company, more than doubled pre-tax profits on its continuing activities in the six months to June 30.

After £203,000 profits this time on property disposals, the pre-tax result came out at £2.25m compared with £1m. Turnover rose 33 per cent from £24.2m to £32.4m.

Earnings per share doubled from 4.3p to 8.7p and the interim dividend remains 2.5p.

Gowrings

The recovery seen by Gowrings in the second half of the previous year continued in the six months to June 30 with pre-tax profits of £179,000, against losses of £137,000.

Turnover improved 11 per cent to £28.4m (£25.7m) including £492,000 (£1.12m) from discontinued activities. Earnings per share came out at 1.68p (1.84p losses) and the interim dividend is maintained at 1p.

HTR Japanese

HTR Japanese Smaller Companies Investment Trust reported a net asset value per share of 113.1p at July 31, a rise of 20 per cent since its launch in October last year.

Over the period the Tokyo Stock Exchange Second Section Index rose 17.7 per cent in sterling terms.

Net revenue was £538,000. A special ordinary dividend of 0.45p is proposed. Earnings per share were 0.54p.

Dartmoor Inv Trust

Dartmoor Investment Trust raised adjusted net assets per share by 22 per cent to 108.3p at July 31 1994, against 88.6p a year earlier.

Net profits for the three months dropped to £193,000, against £585,000 last time, restated for a change in accounting policy. Adjusted earnings per share came to 0.8p (2.44p).

The first interim dividend has been raised to 2.8p (2.5p) and the directors expect to pay a similar amount in respect of the second and third quarters.

Alliance Resources

Alliance Resources, the US-based oil and gas exploration and production company, reported it had cut losses from $1.63m to $1.18m (£760,000) in the year to April 30.

Turnover grew from $631,000 to $837,000. Interest payable and similar charges were cut to $125,000 ($198,000) and losses per share came out at 0.01 cents (0.09 cents).

PCT Group

Continued growth in overseas sales helped boost profits of PCT Group, the Glasgow-based engineering equipment maker, by nearly 10 per cent from £751,195 to £822,914 in the first half of 1994. Turnover grew 9 per cent to £11.39m, against £10.45m.

Earnings per share grew from 6.08p to 6.68p, while the interim dividend has been raised to 2.7p (2.5p).

Gartmore Value Inv

Gartmore Value Investments announced a net asset value per share of 30.9p at the end of the quarter to July 31, down from 35.9p last year.

Net revenue for the period was £436,000 (£240,000). Earnings per share were 0.88p (0.48p) and the first interim dividend is unchanged at 0.9525p

Church & Co

A stronger performance from its A Jones & Sons retailing side enabled Church & Co, the footwear group, to lift pre-tax profits by 53 per cent from £565,000 to £864,000, on turnover 5 per cent higher at £34.7m.

Earnings per share were 5p (2.8p) and the interim dividend is maintained at 3p.

TLS Range

Strong performances from both its short term and contract hire divisions enabled TLS Range, the USM-quoted vehicle rental group, to increase pre-tax profits from £34,000 to £720,000 for the first half of 1994.

Turnover was more than doubled at £10.7m (£5.03m).

Earnings per share came out at 1.5p (nil) and there is an interim dividend of 0.5p.

Porvair

Porvair, the maker of microporous synthetic materials, reported pre-tax profits up by 12 per cent from £849,000 to £954,000 for the six months to May 31.

Turnover for the period amounted to £10.2m, down slightly from £10.3m in the 1993 first half.

The interim dividend is increased to 1.6p (1.4p), payable from earnings of 4.5p (same).

Exeter Pref Cap

Exeter Preferred Capital Investment Trust reported a loss after tax of £349,000 for the period from February 1 to July 31 1994, against a profit of £91,000 previously.

Gross income was £1.95m (£1.94m). The loss per share came to 1.49p (0.39p earnings).

Net assets per share increased to 178.14p (136.91p).

Albany Inv Trust

Albany Investment Trust had a net asset value per share of 148.53p at August 31, against 139.77p 12 months earlier. Net revenue rose from £208,400 to £235,250. Earnings were 2.35p (2.08p) and the interim dividend is 1.35p (1.25p).

Chrysalis

Chrysalis, the music and media group, has paid £500,000 cash for a 50 per cent interest in Watchmaker Productions, an independent television production company.

Watchmaker was formed in May this year by Mr Clive James, the television presenter, together with Mr Richard Drewett, his former executive producer at the BBC, and Ms Elaine Bedell, also a television producer.

Put and call options have also been created, exercisable from 1998, whereby Chrysalis can acquire the remaining equity for a profits-related cash consideration not exceeding £4m.

COMMODITIES AND AGRICULTURE

Mining world startled by diamond find in Finland

By Kenneth Gooding, Mining Correspondent

The mining industry has been startled by an out-of-the-blue revelation that Ashton Mining of Australia, has discovered a diamond province in Finland. It also said that "the prospect for a commercial discovery is considered to be high."

While other companies have been scouring Canada's North-west Territories, African, Australia and even deep down in the depths of the sea for the gem stones, Ashton secretly has been prospecting in Finland, a country best-known for base metals production, for eight years.

Mr John Robinson, chief executive of Ashton, which is one-third owned by the state-controlled Malaysian Mining Corporation, said his company had found two fields of kimberlite pipes and a number of isolated kimberlite occurences – 21 kimberlites in all – and most of them were diamond-bearing.

One pipe of about two hectares in surface area had yielded 26 carats of diamonds of more than 8mm in size per 100 tonnes from a 23-tonne sample, with a weighted average of 17 carats per 100 tonnes.

"The results to date confirm that the basic geology in Finland is prospective for the discovery of an economic diamond deposit and that Ashton's exploration techniques are effective in glacial terrain," said Mr Andrew Button, Ashton's group general manager of exploration and development.

"New targets in Finland are being generated and testing is continuing in this exciting location. The exploration areas are close to established infrastructure and the prospect for a commercial discovery is considered to be high," he added.

Independent experts agreed. "This compares favourably with most of the discoveries in the Northwest Territories, said Mr Roger Ellis, editor of the Mining Journal.

Ashton is a 40 per cent joint venturer in the Argyle mine in Western Australia which is the biggest diamond producer in the world in carat (but not value) terms.

It is not alone in looking for diamonds in Finland. The annual meeting of RTZ, the world's biggest mining company, was enlivened this year by the presence of two members of the Finnish Sami population (the Laplanders) who complained that the UK-based group was seeking permission to excavate in parts of Finland where they had reindeer grazing rights.

Mr Bob Wilson, RTZ's chief executive, said this week the group had, indeed, staked large tracts of land in Finland, mainly because of its potential to yield diamonds.

Meanwhile, Ashton has accelerated the pace of its activities in Finland and is building a broader presence in the Nordic/Baltic region, including Norway, Sweden and Karelia.

Brazilian proposal for cocoa discussed

A group of Brazilian producers have aired proposals for a cocoa withholding scheme at an International Cocoa Organisation meeting in London but other producers and consumers said they would not work, Reuter reports.

Mr Joao Carlos Monteiro de Carvalho, director of Brazil's Cocoa Planning Executive Committee, said that "industrialists, exporters and producers want to do this and we are studying it." He said the plan was being studied by Brazil's government.

It was being aired informally and in private with other producers and was not being presented officially by Brazil at the ICCO talks that began today and last until September 16.

But a producer delegate from another country commented: "It is a very good idea on paper but it just won't fly."

Fair deal for Peruvian growers

Deborah Hargreaves on Cafédirect's buying in the Chiclayo region

Ms Luzmila Loayza visits 4,300 small coffee farmers in northern Peru several times a year – some of them she can reach only by donkey.

As a coffee buyer for Cafédirect, the fair trade organisation, she is unlike many other agents who do not venture further than the coffee processing plant.

"At the moment some of these farmers are being offered fantastic prices by some coffee buyers who appear one day and disappear the next and don't return," said Ms Loayza.

She stresses the benefits of a stable marketing organisation such as Cafédirect which pays a 10 per cent premium over world prices in order to guarantee a fair return to growers.

Since coffee prices have soared on the London and New York commodity exchanges this year, prices for the Peruvian farmers in the area around the town of Chiclayo have jumped from the equivalent of US$110 per quintal last year (a bag containing 200lbs) to between $340 and $380.

When coffee prices reached their low point in 1992, the farmers were receiving $10 a bag – not even enough to buy a bag of rice.

Most of the Peruvian farmers are extremely small producers with only 3-4 hectares of land, producing 7-8 bags of coffee a year. They are organised into nine co-operatives to direct their products towards the export market.

The Peruvian farmers are using windfall profits from recent price increases to buy land or cattle or invest in improvements to their production methods. But few are planting new coffee trees – they take at least three years to bear fruit and market conditions are too uncertain to risk the investment.

The coffee farmers are also eager to diversify into other products for export to try to avoid the vagaries of the international coffee price. They are looking to produce honey, black-eye beans, lemon grass and even cocoa.

The coffee price rise has meant farmers are more eager to stay on their farms rather than migrate to nearby coca fields where the drug is grown mainly for turning into cocaine.

Cafédirect buys five per cent of the 200,000 bags of coffee produced by the farmers in the region around Chiclayo who are divided into nine co-operatives. For the past two years the company has been selling ground coffee as a "fair trade" product and this week it launched a range of instant coffee.

The company hopes to gain a one per cent market share of the £500m British instant coffee market and is using the Peruvian farmers in its advertisements.

"They're amazed at the promotional side of it," said Mr Loayza.

"They can't understand why people in the west should be interested in hearing about their farms."

Cafédirect pays growers a 10 per cent premium over world prices

Germany seeks modification of EU agricultural policy reforms

By Alison Maitland

The German government is pushing for changes to the Common Agricultural Policy reforms to make them more acceptable to farmers and reduce administrative costs.

A German memorandum, circulated to other EU member states, insists the proposed changes do not question "the principles and aims" of the 1992 reforms.

But it says experience of the first full year of the reforms shows many rules need to be simplified. It argues that the reforms do not take enough account of the principle of subsidiarity – that decisions should be made at the lowest appropriate tier of government.

Among the proposed measures, it says cereal farmers with plots in different regions should be able to set aside 15 per cent of their arable land in one area rather than having to do so on each plot.

Many farmers in the state of Rhineland-Palatinate have had compensation payments cut because they did not obey the set-aside rule on small areas of land, which "makes them impossibley difficult to farm."

The memorandum calls on the Commission to allow cereal farmers to submit applications for aid up to the middle of May rather than by March 31 each year to allow them more time to decide what crops to grow.

In the livestock sector, the Germans want removal of the rule limiting support payments to 90 male beef cattle per holding because it "makes it difficult for efficient holdings with growth prospects to accept CAP reform."

Germany, which holds the EU presidency, hopes the Commission will adopt some of its demands as proposals for agriculture ministers to vote on.

Pressure on the Commission may increase if other member states put forward similar proposals. The British government has responded with its own memorandum, which renews its call for arable land to be eligible for set-aside payments if it is taken out of production for woodland or other environmental schemes.

MARKET REPORT

Coffee prices closed the day off their lows but still $8 a tonne below the previous close with the November futures contract at the London Commodity Exchange closing at $3,920 a tonne. It was a dull session as the market awaited fresh news of the Brazilian auctions.

Copper failed to hold onto the the $2,500 a tonne mark with three-month metal at the London Metal Exchange slipping to $2,483 a tonne.

The gloom in the copper market spread over into other metals pushing prices for nickel and lead lower and dampening the rise in the aluminium market. Aluminium prices closed slightly higher at $1,575 a tonne from Wednesday's close of $1,568 a tonne. Lead was down to $612 a tonne from $620 a tonne and nickel closed at $6,370 a tonne.

Compiled from Reuters

Grenada nutmeg oil output starts

By Canute James, in Kingston

Grenada, the world's second largest producer of nutmeg, has started producing nutmeg oil in the hope of supplying about one-tenth of world demand for the product.

The oil plant has a rated capacity of 30 tonnes per year, and production will be marketed mainly in North America, Europe, Russia and Japan.

The oil extraction plant will use about 300 tonnes of defective nutmeg per year. Previously the industry has been destroying defective nuts, and disposed of 400 tonnes last year.

It will ease the financial concerns of the industry on the eastern Caribbean island, second to Indonesia as the world's largest producer.

Earlier this year both producers agreed on a plan to stabilise and then to increase world market prices, but steered clear of recreating their cartel which collapsed six years ago.

Grenadian farmers have been suffering from a fall in price in the international nutmeg market. c

Dioxin risks 'overstated'

The US Environmental Protection Agency overstated the risks of dioxin from food, particularly beef, according to a university study requested by National Cattlemen's Association, Reuter reports.

With the EPA set to release its report on dioxin next week, a study by Texas A&M University said an earlier draft of the EPA study had a "glaring weakness" on dioxin data.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1553-54	1576-78
Previous	1543.5-44.5	1568-68.5
High/low		1584/1574
AM Official	1551-52	1575.5-76.5
Kerb close		1576-7
Open int.	276,428	
Total daily turnover	47,577	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1560-70	1575-85
Previous	1550-55	1572-75
High/low		1583/1575
AM Official	1560-65	1577-80
Kerb close		1581-5
Open int.	2,911	
Total daily turnover	438	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	600-1	614.5-15.0
Previous	601.5-2.5	616.5-17.0
High/low	601.5	620/612
AM Official	601-1.5	615-15.5
Kerb close		612-3
Open int.	41,440	
Total daily turnover	6,402	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	6265-75	6360-70
Previous	6125-35	6310-20
High/low		6405/6305
AM Official	6270-72	6364-65
Kerb close		6350-55
Open int.	53,580	
Total daily turnover	9,219	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5320-30	5400-5
Previous	5295-305	5360-70
High/low		5410-5365
AM Official	5320-25	5385-86
Kerb close		5370-80
Open int.	17,531	
Total daily turnover	2,964	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	971-72	994.5-95.0
Previous	967-68	990-91
High/low	969.5	997/992
AM Official	969.5-70.0	993-93.5
Kerb close		992-3
Open int.	97,515	
Total daily turnover	12,378	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2473-74	2491-91.5
Previous	2467.5-68.5	2486-87
High/low	2474-2471	2510/2485
AM Official	2474-75	2491-92
Kerb close		2486-7
Open int.	215,030	
Total daily turnover	57,525	

■ LME AM Official £/$ rate: 1.5468

LME Closing £/$ rate: 1.5425

Spot 1.5435 3 mths 1.5418 6 mths 1.5391 9 mths 1.5345

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open Int	Vol
Sep	117.20	+0.55	117.50	116.15	0,620	872
Oct	116.00	+0.45	116.00	115.60	1,091	65
Nov	115.30	+0.10	115.15	115.10	015	13
Dec	114.60	-0.16	115.60	113.70	34,474	4,079
Jan	114.20	0.05	113.80	113.80	535	-
Feb	113.70	+0.05		-	315	-
Total					51,320	5,748

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv
Close	391.30-391.70	
Opening	390.70-391.10	
Morning fix	391.00	252.911
Afternoon fix	391.50	253.201
Day's High	391.80-392.20	
Day's Low	389.50-391.30	
Previous close	389.50-399.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.31	6 months	4.52
2 months	4.35	12 months	4.93
3 months	4.37		

Silver Fix	p/troy oz.	US cts equiv.
Spot	356.65	551.00
3 months	361.00	557.20
6 months	366.15	564.35
1 year	379.15	580.90

Gold Coins	$ price	£ equiv.
Krugerrand	395-398	256-258
Maple Leaf	402.30-404.80	
New Sovereign	91-94	59-62

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open Int	Vol.
Sep	390.5	+0.3	389.5	389.5	-	-
Oct	391.6	+0.2	393.3	391.2	8,924	1,058
Nov	393.1	+0.2	-	-	-	-
Dec	394.6	+0.2	396.3	393.9	91,845	27,380
Feb	397.8	+0.2	399.3	397.5	13,385	66
Apr	401.1	+0.2	400.9	400.9	6,732	7
Total					158,213	28,881

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open Int	Vol.
Oct	420.3	-1.2	423.9	419.5	16,474	2,417
Jan	424.5	-1.0	428.0	424.5	6,104	381
Apr	428.5	-1.0	432.0	429.0	1,937	114
Jul	432.0	-1.0	-	-	461	-
Oct	434.5	-1.0	-	-	102	-
Total					25,079	2,912

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open Int	Vol.
Sep	153.75	-0.75	154.00	152.50	143	58
Dec	154.75	-0.75	156.25	153.10	5,691	355
Mar	155.25	-0.75	156.25	154.85	734	7
Jun	156.25	-0.75	-	-	51	-
Total					6,619	420

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	low	Open Int	Vol.
Sep	545.0	-5.0	549.0	544.0	833	181
Oct	547.0	-5.2	-	-	5	-
Nov	549.0	-5.2	-	-	-	-
Dec	551.5	-5.2	557.5	548.0	85,368	19,678
Jan	553.9	-5.2	561.0	551.0	59	2
Mar	558.5	-5.2	565.0	557.0	8,803	600
Total					110,017	20,787

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open Int	Vol
Oct	17.95	+0.04	17.95	17.79	81,909	32,833
Nov	17.94	+0.04	18.04	17.92	64,428	15,441
Dec	18.04	+0.05	18.13	17.99	52,341	13,410
Jan	18.09	+0.08	18.13	18.06	34,087	3,097
Feb	18.08	+0.06	18.12	18.08	19,203	1,411
Mar	18.10	+0.07	18.14	18.05	14,723	2,219
Total					400,087	70,938

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open Int	Vol
Oct	16.53	-	16.69	16.51	63,491	18,539
Nov	16.68	+0.04	16.82	16.66	45,485	9,941
Dec	16.79	+0.04	16.83	16.73	22,363	3,058
Jan	16.78	+0.04	16.87	16.75	9,350	2,339
Feb	16.82	+0.10	16.84	16.82	5,716	1,356
Mar	16.82	+0.14	16.83	16.81	5,681	745
Total					159,247	36,104

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open Int	Vol
Oct	49.95	-0.12	50.20	49.80	40,026	10,809
Nov	50.90	-0.15	51.10	50.85	20,419	2,319
Dec	51.95	-0.07	52.15	51.90	39,279	3,794
Jan	52.75	+0.03	52.85	52.50	22,852	645
Feb	53.05	+0.03	53.20	53.05	10,052	657
Mar	52.40	-0.03	52.40	52.37	9,368	239
Total					186,032	19,125

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	150.25	-1.50	153.50	150.25	21,471	5,323
Oct	153.75	-1.75	156.75	153.75	29,823	7,621
Nov	156.50	-1.25	159.00	156.50	13,366	2,321
Dec	158.75	-1.25	161.00	158.25	17,379	2,078
Jan	159.75	-1.50	162.00	159.50	12,264	341
Feb	160.00	-1.75	162.25	159.75	4,467	394
Total					110,181	18,523

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Open Int	Vol
Oct	1.625	-0.006	1.630	1.595	30,537	10,152
Nov	1.870	-0.008	1.870	1.845	18,140	2,679
Dec	2.065	-0.010	2.065	2.048	26,160	2,582
Jan	2.095	-0.012	2.100	2.090	14,791	1,043
Feb	2.040	0.002	2.040	2.030	11,998	392
Mar	2.000	-	2.000	1.990	9,013	616
Total					153,666	19,273

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open Int	Vol
Oct	48.60	+0.60	49.15	47.70	28,080	13,515
Nov	48.30	+0.33	48.75	47.60	15,851	5,896
Dec	54.30	-0.20	55.25	54.30	9,121	2,137
Jan	54.20	+0.17	54.30	54.10	4,773	541
Feb	53.90	+0.12	53.90	53.90	3,317	137
Mar	55.20	+0.47	55.20	55.20	481	2
Total					86,032	22,550

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	106.05	+0.25	106.50	106.05	196	1
Nov	107.00	+0.20	107.60	107.00	2,632	332
Jan	108.95	+0.10	109.60	108.95	1,784	68
Mar	111.05	+0.25	111.55	111.00	1,144	115
May	113.00	-	113.50	113.00	1,175	39
Jul	114.80	-	-	-	191	-
Total					7,122	552

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	370/0	-6/0	376/0	369/4	1,320	1,308
Dec	385/2	-5/2	391/0	384/2	48,970	16,591
Mar	390/6	-4/6	396/0	389/6	16,955	3,349
May	379/6	-6/2	386/4	379/4	1,780	513
Jul	353/6	-6/4	360/0	353/2	2,936	957
Sep	356/4	-7/0	363/4	356/4	11	7
Total					72,022	22,748

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	224/6	-1/6	229/2	224/2	9,028	3,219
Dec	225/6	-2/0	227/4	225/4	131,930	25,669
Mar	235/2	-1/6	236/6	234/6	30,435	2,945
May	241/0	-1/4	242/6	240/6	11,958	844
Jul	245/2	-1/6	246/4	244/6	12,217	641
Sep	247/4	-1/2	248/6	247/2	936	46
Total					202,779	33,667

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	103.70	+0.25	104.00	103.70	68	3
Nov	104.85	+0.20	105.25	104.50	515	83
Jan	106.85	+0.20	107.25	106.60	335	39
Mar	108.95	+0.20	-	-	76	-
May	110.70	+0.30	-	-	21	-
Total					1,015	125

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	585/4	-3/0	590/4	584/2	4,937	851
Nov	575/6	-4/6	582/2	575/0	78,905	20,622
Jan	582/2	-4/6	589/4	582/4	14,771	3,650
Mar	592/2	-4/4	598/4	591/6	7,009	1,364
May	599.0	-4/0	604/6	598/4	4,777	501
Jul	604/0	-4/0	609/0	603/4	8,061	464
Total					122,198	27,658

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	26.30	+0.07	26.28	26.10	6,983	1,561
Oct	25.91	+0.05	26.05	25.85	16,374	4,236
Dec	25.65	+0.01	25.85	25.56	37,041	9,570
Jan	25.43	-	25.65	25.34	5,545	1,092
Mar	25.17	-0.06	25.40	25.10	7,464	1,934
May	24.97	-0.05	25.15	24.90	4,224	742
Total	[illegible]				[illegible]	[illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open Int	Vol
[illegible]						

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
[illegible]						

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open Int	Vol
[illegible]						

Wool

Fine Merino wool sold at prices rising 30 to 40 Australian cents a kg. each day auctions were held this week. This sector is favoured by fashion and very little stock remains in Australia to supplement new production. Recovery in most wool consuming countries is placing pressure on available supply for this and other high fashion and highly priced natural fibres and prices can already be two to three times their lowest point in the recession which can now be seen to have ended twelve to eighteen months ago. Other wools are selling at rising prices with this week's rise a particularly strong one. The Australian market indicator (Eastern states) finished at 760cents a kg., from 726 a week ago. British wool also sold at prices 5% higher than at the previous sale.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	938	-14	957	938	83	19
Dec	985	-12	995	978	31,993	5,067
Mar	1017	-12	1023	1010	32,079	4,116
May	1033	-8	1038	1023	12,176	662
Jul	1045	-10	1049	1042	5,635	10
Sep	1057	-11	1062	1052	9,184	123
Total					102,292	10,944

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	1271	-13	1280	1271	95	13
Dec	1331	-13	1334	1312	41,476	5,407
Mar	1375	-10	1377	1358	13,348	750
May	1408	-7	1408	1390	3,865	18
Jul	1433	-4	1428	1429	2,558	182
Sep	1453	-4	-	-	1,305	-
Total					71,108	6,380

■ COCOA (ICCO) (SDR's/tonne)

Sep 7	Price	Prev. day
Daily	1010.15	992.83

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	4025	-13	4065	4025	2,606	147
Nov	3918	-10	3950	3860	14,069	1,669
Jan	3852	+19	3885	3820	12,924	1,456
Mar	3795	+10	3825	3780	5,850	905
May	3738	+13	3770	3738	1,588	12
Jul	3710	-5	3740	3710	273	10
Total					37,380	4,399

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Sep	210.00	-0.50	211.50	210.80	227	92
Dec	215.55	-0.90	218.20	213.05	23,145	7,850
Mar	218.60	-1.15	221.00	216.50	6,952	729
May	219.50	-1.10	220.75	218.00	3,050	58
Jul	220.40	-1.10	221.00	220.50	724	31
Sep	221.30	-1.10	221.50	221.00	409	57
Total					34,957	8,874

■ COFFEE (ICO) (US cents/pound)

Sep 7	Price	Prev. day
Comp. daily	200.24	201.05
15 day average	187.06	185.69

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Oct	12.46	-0.20	12.46	12.43	1,801	-
Jan	11.82	-	-	-	-	-
Mar	12.59	-	-	-	90	-
Total					1,891	-

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
[illegible]						

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
[illegible]						

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
[illegible]						

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
[illegible]						

VOLUME DATA

Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Sep 8	Sep 7	month ago	year ago
2089.1	2082.2	2065.4	1830.0

■ CRB Futures (Base: 1967=100)

Sep 7	Sep 6	month ago	year ago
234.23	233.22	231.50	213.30

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Oct	70.950	+0.175	70.750	70.100	33,423	8,845
Dec	69.550	+0.225	69.825	69.175	17,704	3,534
Feb	68.375	+0.175	68.600	68.125	11,825	684
Apr	69.850	+0.025	70.075	69.775	7,928	455
Jun	66.975	+0.100	67.150	66.800	1,942	130
Aug	66.700	+0.075	66.825	66.525	887	33
Total					73,789	13,765

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Oct	38.600	-0.425	39.300	38.475	11,895	3,550
Dec	39.525	-0.450	40.150	39.450	10,219	2,449
Feb	39.525	-0.500	40.275	39.450	3,269	848
Apr	39.150	-0.150	39.425	39.100	1,945	158
Jun	44.300	-0.100	44.475	44.250	638	60
Aug	43.050	-0.050	43.150	43.000	76	10
Total					28,272	7,118

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Feb	42.375	+0.175	43.000	41.950	7,261	1,761
Mar	42.350	+0.275	42.800	41.875	457	64
May	43.300	+0.200	43.700	42.900	89	24
Jul	44.225	-0.275	44.400	43.800	137	38
Aug	43.400	+0.150	43.400	43.400	30	1
Total					7,974	1,887

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Oct	Jan	Oct	Jan
1550	42	86	28	64
1575	30	73	40	66
1600	20	62	56	79
■ COPPER (Grade A) LME	Oct	Jan	Oct	Jan
2400	97	139	18	58
2450	39	86	59	104
2500	11	49	130	165
■ COFFEE LCE	Nov	Jan	Nov	Jan
3600	416	502	90	250
3650	382	474	114	272
3700	350	448	132	296
■ COCOA LCE	Dec	Mar	Dec	Mar
1000	43	89	58	72
1050	26	67	91	100
1100	16	51	130	134
■ BRENT CRUDE IPE	Oct	Nov	Dec	Nov
1600	[illegible]	[illegible]	[illegible]	[illegible]
1650	[illegible]	[illegible]	[illegible]	[illegible]
1700	[illegible]	[illegible]	[illegible]	[illegible]

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Oct) +or-

		+or-
Dubai	$15.55-5.70t	+0.030
Brent Blend (dated)	$15.96-6.00	-0.035
Brent Blend (Oct)	$16.42-6.44	-0.035
W.T.I. (1pm est)	$17.80-7.90t	-0.065

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$187-190	+3
Gas Oil	$156-158	-1
Heavy Fuel Oil	$71-72	-1.5
Naphtha	$161-162	+0.5
Jet fuel	$172-173	

Petroleum Argus estimates

■ OTHER

Gold (per troy oz)	$391.50	+1.80
Silver (per troy oz)	547.5c	-3.00
Platinum (per troy oz.)	$419.25	-2.25
Palladium (per troy oz.)	$153.25	-1.00
Copper (US prod.)	121.0c	
Lead (US prod.)	38.25c	
Tin (Kuala Lumpur)	13.48m	+0.05
Tin (New York)	247.5c	-1.0
Cattle (live weight)	116.06p	-0.42*
Sheep (live weight)	86.27p	+1.05*
Pigs (live weight)	75.16p	-0.61*
Lon. day sugar (raw)	$308.9	+10.5
Lon. day sugar (wte)	$344.0	+8.2
Tate & Lyle export	£312.0	+7.0
Barley (Eng. feed)	£107.0w	
Maize (US No3 Yellow)	£180.0	
Wheat (US Dark North)	£136.0	
Rubber (Oct)	87.00p	+1.00
Rubber (Nov)	88.00p	+1.00
Rubber (KL RSS No1 Aug)	311.00m	-1.00
Coconut Oil (Phil)	$692.5y	+22.5
Palm Oil (Malay.)	$520.0t	+10.0
Copra (Phil)	$389.0	
Soyabeans (US)	£165.00u	-0.25
Cotton Outlook 'A' index	75.15c	+0.20
Wooltops (64s Super)	457p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. u Nov. t Oct. y Sep/Oct. w Sep. London Physical. CIF Rotterdam. Bullion market close. Sheep (Live weight prices). * Change on week. Prices are for previous day.

CROSSWORD

No.8,554 Set by GRIFFIN

ACROSS

1 Tops one with pepper (8)
5 One's paid to keep locks in good order (6)
9 It is one's broadcast that is loudest (8)
10 Ghost rushes back to it (6)
11 Work-crazy uncle starts enjoying wealth (8)
12 Extremely dull interior to plant (6)
14 Stuff hamper that's rickety (10)
18 To spoil when ill sees about getting some port (10)
22 Use crossword compiler to back ruse (6)
23 Stop developing, for men only, neat buckles (8)
24 Extract from Verdi, still popular (6)
25 Get up stiff? (8)
26 City girl and boy must come back (6)
27 Seemed upset about Lawrence being considered (8)

DOWN

1 Is unable to get girl into bed! (6)
2 Portable cooker found in Capri museum (6)
3 I'm to wait in, in the same place (6)
4 Travelling on bus Alice reserved (10)
6 Pop back for Val's confirmation (8)
7 Military building with counter and shelves (8)
8 Helping journalist given quota (8)
13 Finds out if donkey has swallowed some (10)
15 Deemed bad, having a missing wheel and stuck fast (8)
16 Offer support and ring little Sarah (8)
17 Miss being in Spain? (8)
19 I get in free, being light (6)
20 Lifting rug, catch bird (6)
21 Are given food without being frightened (6)

Solution 8,553

S	I	G	H	T	S		P	R	E	M	I	S	E	S
T		R		H				O		A		A		A
A	B	O	A	R	D		R	U	N	S	O	V	E	R
B		U		A		D		T		S		E		G
B	A	N	I	S	T	E	R		C	A	D	D	I	E
E		D		H		P		T		C				N
D	A	I	S		R	A	T	H	E	R	F	L	A	T
		N		C		R		U		E		I		
B	A	G	S	O	F	T	I	M	E		S	P	A	R
I				N		S		B		P		R		E
G	A	T	I	N	G		H	E	L	L	B	E	N	T
G		W		O		A		D		E		A		R
E	X	I	S	T	I	N	G		S	A	D	D	L	E
S		L		E		N				S		E		A
T	A	L	I	S	M	A	N		F	E	R	R	E	T

LONDON STOCK EXCHANGE

MARKET REPORT

Worries over profit margins hit share prices

By Terry Byland,
UK Stock Market Editor

The UK stock market suffered a heavy setback yesterday morning after a batch of company results drew attention to pressures on profit margins among British companies. Share prices managed a partial rally later when sterling and British government bonds improved behind an unexpected improvement in the June trade figures as well as a stronger US dollar.

The FT-SE 100-share Index lost the 3,200 mark at the opening as share prices were marked down in the face of a heavy list of company trading statements. The sharpest blow came from BTR, the UK conglomerate which not only turned in disappointing first-half profits but alarmed the broad range of the market by disclosing that margins were being pressured by rising raw material prices and difficulties in passing on these costs to customers.

Within one hour of the official opening, the Footsie was down by nearly 40 points, and BTR stock was severely hit on turnover already exceeding previous daily volumes for the year. By the end of the day, BTR had lost nearly 12 per cent. The market was also hurt by unsettling trading reports from several other blue chips, including Cadbury-Schweppes, Glaxo, Sun Alliance and British Gas, although the last named pleased investors by maintaining the dividend payout.

The FT-SE 100 Index bottomed out for the day at 3,166.2 and rallied to close at 3,180 for a fall on the day of 23.9 points. Market strategists calculated that the drop in BTR shares was responsible for around 9.7 points of the day's loss on the Footsie.

BTR's references to pricing difficulties, which hit hard across the manufacturing stock centres, were echoed in the latest distributive trades survey from the Confederation of British Industry. Other dull spots included Glaxo, which spelled out its losses in bond markets. Cadbury Schweppes drew attention to competitive pressures in its consumer markets.

Traders reported a wave of switching out of the manufacturing stocks, which are now seen as vulnerable to a squeeze between cost inflation pressures and customer resistance to high prices. Investors appeared to be moving back towards the market's "safe havens", notably the utility sectors which have shown high dividend promise as well as good growth prospects.

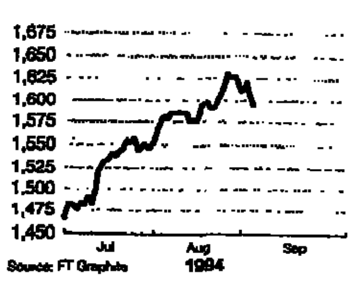
Significant US selling originated in the stock index futures market and gathered pace following optimistic comments on US inflation policies from the vice-chairman of the Federal Reserve. Wall Street was 16 Dow points ahead at the London close.

Although the weight fell on the blue chip sectors, which reacted to a Footsie stock index future trading at a discount throughout the session, sellers also appeared among the second line issues. The FT-SE Mid 250 Index closed 17.3 down at 3,761.8.

Trading volume, boosted by heavy turnover in BTR and Glaxo, increased yesterday to 668.5m shares, with the contribution from non-Footsie stocks reduced to around 53 per cent. On Wednesday, retail business was worth £1.38bn, continuing the pattern on this week's stock market activity which has seen share trading volumes remaining high as the Footsie has lost ground.

At last night's closing reading, the stock market had fallen by nearly 2 per cent over the past three trading sessions. Nervousness over upward pressures on domestic interest rates, which focused on this week's policy meeting between the UK chancellor of the exchequer and the Governor of the Bank of England, remained in place yesterday in spite of the unexpected dip in the UK June trade deficit. This had little direct effect on equities, which made no response until sterling improved towards the close of the trading session.

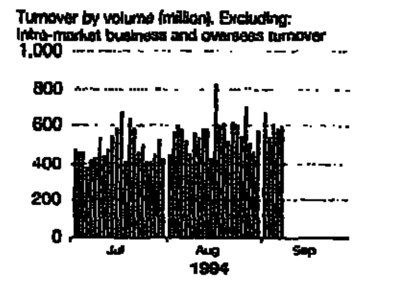
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	3180.0	-23.9	FT Ordinary Index	2454.5	-21.2
FT-SE Mid 250	3761.8	-17.3	FT-SE-A Non Fins p/e	19.66	(19.81)
FT-SE-A 350	1607.6	-11.0	FT-SE 100 Fut Sep	3179.0	-27.0
FT-SE-A All-Share	1596.07	-10.31	10 yr Gilt yield	8.64	(8.77)
FT-SE-A All-Share yield	3.75	(3.71)	Long gilt/equity yld ratio:	2.34	(2.38)

Best performing sectors

1 Oil Exploration & Prod .... +1.7
2 Gas Distribution .... +0.9
3 Printing, Paper & Pckg .... +0.6
4 Extractive Inds .... +0.5
5 Food Manufacturers .... +0.1

Worst performing sectors

1 Diversified Indls .... -4.4
2 Building Materials .... -1.8
3 Gen Manufacturers .... -1.6
4 Building & Construc .... -1.4
5 Property .... -1.0

BTR falls on shock figures

Acutely disappointing interim results and worrying signals of growing pressure on profit margins and increases in raw materials prices combined to demolish the BTR share price yesterday, taking the rest of the market with it.

BTR shares registered their worst ever one-day performance, plunging 38, or nearly 12 per cent, to 338p, their lowest level since December 1993. The dismal figures had a greater impact on the company's warrants where, for example, the 1993/94 issue almost halved, closing 42 off at 45p.

More worrying for the market was the strength of the selling pressure that drove the shares down; turnover in BTR reached 46m shares, the second highest single day's business on record.

Analysts expressed deep dismay. "The investment community is so disillusioned with their expectations and the actual figures that it will take many months and a set of figures up to expectations to restore confidence in the stock," said one observer.

Profits forecasts were chopped after the figures and an acrimonious post-results meeting with analysts. "The shares are down 12 per cent and most forecasts are being reduced by around 9 per cent, which is just about right," said another conglomerates specialist. The range is now said to be from £1.25bn to £1.335bn for the current year.

Glaxo active

The leading pharmaceuticals group in the UK, Glaxo Holdings, put on a volatile performance as it disappointed many in the market with its full-year figures but managed to hold on to its fans.

The shares were down almost 20p after the company revealed profits of £1.84bn, against expectations of around £1.9bn, and a loss of £115m through bond holdings – analysts had expected a hit of about £95m.

The subsequent statement was described by one dealer as "dull, listless and bland" and did not provide a floor to the share price.

Detractors, such as Goldman Sachs, failed to discover much joy in the figures and retained their negative stances. However, supporters Hoare Govett and Smith New Court remained bullish. Hoare's Mr Nigel Barnes said: "It was a solid set of figures and Zantac [Glaxo's headline anti-ulcer treatment] appears to be holding up very well against generic Tagamet in the US." The shares ended 7 off at 606p.

Enterprise bought

Relief that there were no unpleasant surprises in Enterprise Oil's interim results, and a growing feeling that the stock had been oversold since the unsuccessful bid for Lasmo, triggered a burst of strength in Enterprise shares.

The stock price jumped 13 to 400p, the best performance in the FT-SE 100, after keen turnover of 3.6m shares. Smith New Court was said to have been an aggressive buyer, with Mr Chris Grudniewicz, oil specialist at Smith, saying "the shares are cheap under 400p".

Mr Grudniewicz said the shares had underperformed the market by 10 per cent over the past month and "all the bad news is already in the price". He cautioned that the market remained concerned on two issues – corporate governance and the failed bid for Lasmo. Enterprise retains a near 10 per cent stake in Lasmo; the latter rose 2¼ to 159p.

British Gas was one of the few FT-SE 100 stocks to remain in positive territory throughout a difficult trading session, the shares being lifted by news that the group was maintaining its interim dividend. They closed 3 higher at 298p on turnover of 11m shares.

"There was relief about the dividend and the underlying earnings figures were better than expected," noted one analyst. He said the company is to hold a presentation to analysts on September 29 to outline its broad strategy.

Comments to analysts from Glaxo that it had no immediate expansion plans in the US refocused attention on the UK takeover targets Wellcome and Zeneca. Wellcome, also feeling the effects of a good reception to its new anti-migraine treatment, gained 13 at 696p.

Zeneca, which announced that it had set up the potential to borrow up to $750m in the US, moved ahead 17 to 838p. However, turnover was not excessive and the rise was exacerbated by a shortage of stock in the market. Fisons, another perennial target, put on 1½ at 154p.

Cable and Wireless dropped 9 to 430p after very heavy turnover of 9m shares following talk in the market that Cazenove, C&W's own stockbroker, had downgraded its earnings estimates for the group. Cazenove has a policy of not commenting on client business. C&W announced it was cutting prices on its business tariff for its One-to-One mobile phone service.

The latest price war in cellular phones also impacted on BT, which eased 1¼ to 394½p, and Vodafone, 3 cheaper at 202½p.

Hanson was a beneficiary of BTR's bad news, with one leading broker recommending a switch into Hanson, whose shares closed only 2 easier at 248p after heavy turnover of 9m following massive dividend washing in the US on Wednesday night.

Cadbury Schweppes, the confectionery and soft drinks group, dipped on concern over future sales growth and competition from own brand drinks. The shares lost 4 at 468p in spite of 10 per cent underlying profits growth and 12 per cent margins - above the average for the sector.

Supporter Mr Carl Short of SGST said the market had taken a "churlish view of a strong performance" and upgraded his full-year forecast by £10m to £483m.

Property group MEPC dropped 12 to 432p following negative comment. Agency broker James Capel shaved sector forecasts yesterday, including MEPC's, and Smith New Court cut profits estimates on Wednesday.

Paper company Arjo Wiggins Appleton put on 8 at 287p after better than expected half-year results and a confident statement. Arjo announced profits of £105.1m, against £63m previously and market forecasts of £78m to £87m.

David S. Smith moved forward 12 to 560p after a very confident presentation at its annual meeting.

Publishing group Emap eased 2 to 416p after announcing a one-for-eight rights issue at 360p a share to raise £77m to halve its debt and ready itself for acquisition opportunities.

Manweb outpaced the other regional electricity stocks, the shares closing 4 higher at 866p after the group said it had bought in a further 1.5m shares at 870p.

MARKET REPORTERS:
Peter John,
Steve Thompson.

■ Other statistics, Page 19

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (81).
BREWERIES (1) Marston Thompson, BLDG MATLS & MCHTS (1) Grafton, DISTRIBUTORS (1) Adam & Harvey, ELECTRICITY (1) Manweb, ELECTRNC & ELECT EQUP (2) Copymore, TGI, ENGINEERING (3) Ransomes, Spirax-Sarco, Tinsley (E), ENG. VEHICLES (1) Bostrom, EXTRACTIVE INDS (10) Anglo Am., ERGO, Harmony, Kingsteam, Kloof, Loraine, New Wits, Randfontein, Stilfontein, Western Areas, HEALTH CARE (1) Seton, HOUSEHOLD GOODS (1) Royal Doulton, INVESTMENT TRUSTS (4) INVESTMENT COMPANIES (1) World Tst. Fd. Wrts., LEISURE & HOTELS (5) Bluebird Toys, Fairline Boats, Northern Leisure, Do Deb. 98/01, Ryan Hotels, MERCHANT BANKS (1) Schroders, OIL EXPLORATION & PROD (1) Gulfstream, OTHER SERVS & BUSNS (1) Black Arrow, PHARMACEUTICALS (1) British Biotech, RETAILERS, GENERAL (4) Arnotts, Austin Reed, Brown (N), House of Fraser, SPIRITS, WINES & CIDERS (2) Macdonald Martin A, Matthew Clark, SUPPORT SERVS (7) Capital, Computer People, Hestair Whiting, MITIE, Manpower, Radius, Real Time Control, TEXTILES & APPAREL (1) Wensum, TRANSPORT (1) Stagecoach.
NEW LOWS (38).
BANKS (1) Mitsubishi, CHEMICALS (1) Sutcliffe Speakman, DISTRIBUTORS (4) Cowe, Litho Supplies, Pendragon, Parsons, DIVERSIFIED INDLS (4) BTR, Do Wrts., Do Wrts. 1994/95, Do Wrts. 1995/96, ENGINEERING (4) Concentric, Morgan Crucible 7½pc Prf., Newmark (L), Victaulic, ENG. VEHICLES (1) Motor World, EXTRACTIVE INDS (1) Pacific Arc, HOUSEHOLD GOODS (1) Vymura, INVESTMENT TRUSTS (4) LEISURE & HOTELS (2) Granada, Do 7½p Prf., MEDIA (2) Barbour Index, SelecTV, OTHER SERVS & BUSNS (1) Esselte AB, PRTNG, PAPER & PACKG (1) Somic, PROPERTY (6) British Land 6pc Bd., Freeport Leisure, Panther, Peel, Slough 8¼p Prf., Southend, RETAILERS, FOOD (1) Brake Bros., SUPPORT SERVS (2) BSM, OIS Intl. Inspection, TEXTILES & APPAREL (2) Campari Intl., Lamont, TRANSPORT (1) NFC.

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures suffered the brunt of a wave of US selling in London yesterday as worries over profit margins at UK companies was matched by optimistic comments on Federal Reserve inflation policies. The Footsie September future traded at a discount to the cash market for most of the day and trading volumes were high, at more than 21,000 lots in the December contract by the end of the day.

Early deals saw September edge higher to 3,207, but this picture quickly changed as BTR's trading statement upset the market. The contract was sold down to 3,157 at the day's worst.

The contract then steadied to trade around the 3,175 area, closing the official trading day at 3,177, which was a discount of 3 points to cash compared with a fair value premium worth around 3 points. Switching into the December contract continued, with the September/December premium at around 13 points.

Traded options saw increased turnover of 53,666 contracts, with the FT-SE 100 option recording 26,721. The Euro FT-SE option was also busy, while individual stock options were headed by BTR, which traded 4,733 lots. British Gas, which also announced trading results yesterday, had 4,967 contracts dealt in an active session, and Hanson (1,903) and Glaxo (1,080) were also busy.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	3205.0	3179.0	-27.0	3207.0	3157.0	21557	38075
Dec	3220.0	3192.5	-28.5	3221.0	3172.0	6048	25545
Mar	3233.0	3220.0	-28.0	3233.0	3221.0	350	160

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

Sep	3780.0	3768.0	-18.0	3780.0	3780.0	2	3524
Dec	-	3788.0	-15.0	-	-	0	1284

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

Sep	-	3767.0	-	-	-	-	636

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3178) £10 per full index point

[illegible]

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

Sep	158½	2½	108	5	65½	11½	31½	27½	10½	56	1½	97½	1	146½	1	196
Oct	172	21	133	31½	98	48½	69	67	45	93	28½	125½	16	163	9	205
Nov	194½	35			124	53½			69½	108			33½	171½		
Dec	210½	45½			142½	76			88	120½			51	181½		
Mar†	261½	72			197	104½			143½	146			101	203		

Calls 3,179 Puts 3,509 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3500	3550	3600	3650	3700		3750		3800		3850
Sep					101	33½	71	53½	47	80	

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

TRADING VOLUME

■ Major Stocks Yesterday

[illegible]

FT - SE Actuaries Share Indices — The UK Series

	Sep 8	Day's chge%	Sep 7	Sep 6	Sep 5	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3180.0	-0.7	3203.9	3205.4	3241.5	3031.2	3.97	6.76	17.51	90.23	1198.50
FT-SE Mid 250	3761.8	-0.5	3779.1	3782.4	3788.7	3468.9	3.29	5.54	21.64	89.03	1398.81
FT-SE Mid 250 ex Inv Trusts	3766.4	-0.5	3784.7	3788.6	3794.3	3485.0	3.43	6.00	20.15	91.77	1394.97
FT-SE-A 350	1607.6	-0.7	1618.6	1619.5	1634.1	1520.9	3.81	6.47	18.33	43.86	1239.40
FT-SE SmallCap	1907.25	-0.2	1910.85	1911.08	1912.12	1784.47	2.97	4.13	31.05	38.21	1475.10
FT-SE SmallCap ex Inv Trusts	1872.96	-0.2	1876.04	1876.21	1876.84	1785.92	3.15	4.57	28.56	39.14	1452.20
FT-SE-A ALL-SHARE	1596.07	-0.6	1606.38	1607.26	1620.76	1508.51	3.75	6.30	18.69	42.74	1251.62

■ FT-SE Actuaries All-Share

	Sep 8	Day's chge%	Sep 7	Sep 6	Sep 5	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(18)	2799.01	....	2799.57	2773.50	2802.01	2284.30	3.22	5.07	24.76	54.71	1115.26
12 Extractive Industries(4)	4048.44	+0.5	4028.28	3973.61	4027.51	3360.60	3.15	4.97	25.20	54.24	1104.80
15 Oil, Integrated(3)	2751.56	-0.3	2759.70	2733.57	2762.46	2189.60	3.34	5.46	22.78	59.99	1120.54
16 Oil Exploration & Prod(11)	1977.14	+1.7	1944.56	1946.81	1946.35	1926.60	2.06	1.18	80.00†	20.34	1133.62
20 GEN MANUFACTURERS(264)	1997.46	-1.6	2030.02	2037.84	2050.45	1997.10	3.62	4.72	25.89	52.06	1013.36
21 Building & Construction(32)	1177.32	-1.4	1194.32	1207.70	1211.93	1154.00	3.29	4.55	28.30	21.47	915.20
[illegible]											

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	52	11	7
Other Fixed Interest	10	3	2
Mineral Extraction	77	35	86
General Manufacturers	82	196	366
Consumer Goods	29	52	106
Services	75	96	331
Utilities	8	28	9
Financials	74	101	193
Investment Trusts	31	162	274
Others	44	44	21
Totals	482	728	1395

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	August 22	Expiry	November 24
Last Dealings	September 9	Settlement	December 8

Calls: BTR Wts '97, BTR Wts '94-5, Brit Biotech Wts, CRP Leisure, Lucas Wts, Panther Sec, Smith (WH), Wiggins. Puts: Lucas Wts, Smith (WH). Puts & Calls: Smith (WH), Wiggins.

LONDON RECENT ISSUES: EQUITIES

[illegible]

RIGHTS OFFERS

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2471.2	2461.4	2450.6	2447.3	2450.8	2452.4	2448.6	2450.2	2453.5	2473.5	2443.2

	Sep 8	Sep 7	Sep 6	Sep 5	Sep 2	Yr ago
SEAQ bargains	27,449	27,583	27,677	29,703	26,859	27,757
Equity turnover (£m)†	-	1383.5	1399.2	1292.6	1493.9	1561.3
Equity bargains†	-	30,307	31,182	33,099	32,636	29,787
Shares traded (ml)†	-	588.6	583.3	607.3	540.7	617.7

†Excluding intra-market business and overseas turnover.

FT GOLD MINES INDEX

[illegible]

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£22⅜	+⅛	£25⅛	£20⅜	6,686	5.1	ϕ
ANZ A$		189	----	278¼	179¼	2,475	5.2	27.6
Abbey National	†N□	409xd	-6	523	381	5,368	4.8	13.7
Allied Irish I£	♣†N□	258xd	-4	314	234	1,712	4.9	10.0
Anglo Irish I£	M□	61	----	*70	50	208.9	7.0	11.1
Asahi Y		684	-35	819¼	628	15,409	0.7	ϕ
Banco Bil Vz Pts		£14⅞	-⅞	£18¾	£14½	3,456	5.6	6.6
Banco Sant Pts		£28⅛	----	*£30½	£23⅝	3,948	5.5	9.1
Bk Ireland I£	♣□	288	-5	*319	245	1,361	4.5	8.3
Bank Scotland	♣N□	212	-1½	247	172½	2,474	3.0	17.3
9¼pc Pf		113¼	+¼	141½	112	113.2	10.2	-
9¼pc Pf		118¼	+¼	148½	117½	118.2	10.3	-
Barclays	♣†N□	588xd	-10	640	487	9,583	3.5	18.2
Dai Ichi Kan Y		£11⅞	+⅛	£12¾	£10⅞	35,293	0.5	-
Deutsche DM		£298½	-3½	£344¼	£270½	14,257	2.3	-
Espirito Santo		£10⅜	-⅛	*£13⅜	£9⅜	218.7	3.6	5.1
First Nat Fin	N□	71	----	*90	60	119.8	2.6	-
6.3pc Cv Pf		77	----	*90	77	5.18	10.2	-
7pc Cv Pf		128	+½	171	123	60.7	6.8	-
Fuji Bank Y		1341	-4½	1549¼	1152½	38,847	0.4	ϕ
HSBC Hk	†N□	784xd	-2	1133	680	13,720	3.9	11.3
HSBC (75p Shs)	†N□	764xd	-2	1113	660	6,484	4.0	11.1
Lloyds	†N□	570xd	-11	680	519	7,381	5.0	11.2
Mitsubishi Y		£15⅝	-⅛	£18⅝	£15⅛	44,803	0.4	ϕ
Mits Tst & Bk Y		878¼	-22¼	1182¼	687½	10,530	0.6	13.6
Mitsui Tst & Bk Y		670½	-15½	879	514	8,093	0.8	22.0
Nat Aust A$	†	501	----	620¼	489¼	6,706	5.7	10.4
NatWest	†N□	518xd	-2	622	421	8,891	4.7	9.6
Ottomane FFr		£21½	----	£33	£21¼	107.5	6.8	ϕ
Ryl Bk Scotland	♣†N□	436	-2	528	377½	3,488	3.4	18.7
Sakura Y		£8⅜	-⅛	£9⅞	£8⅛	29,347	0.6	53.3
Sanwa Y		£12⅛	+⅛	£15⅛	£11⅝	35,309	0.5	-

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

Approved by the Inland Revenue

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1994 high	1994 low	Yld Gr's	NAV	Dis or Pm(-)
Pilot Inv ..... N□	138	-1	153	125½	1.4	133.9	-3.0
Warrants ..... □	53	-1	69	44	-	-	-
...er Euro Smlr ..... □	95	—	96	91	-	93.7	-1.4
Warrants ..... □	39	—	39	33	-	-	-
...vendome	298	—	283	261	1.9	315.4	7.1
...tarmigan Intl ..... □	236	-1	*278	208	1.8	256.0	7.8
Warrants	82	—	149	78	-	-	-
...T Capital ..... N□	188	—	189	164½	1.9	223.8	16.9
2½pc Cv Ln 2000	£183xd	-1	£180½	£170½	1.4	-	-
...ndtrust	82	—	89	70	-	74.3	-9.4
...ly & Merc Am Inc ..... N	107	—	121	108	9.1	-	-
Cap ..... □	32	—	38	30	-	43.2	25.9
Warrants	14	—	17	13	-	-	-
...y & Mer Ext ..... N□	124	—	147	113	7.9	119.0	-8.9
Warrants	29	—	49	25	-	-	-
Zero Div Pf	110	—	118½	109½	-	-	-
...y & Mer Secured ..... N	100xd	—	116	90	8.4	-	-
Prfd Cap 1999	29	—	35	23	-	35.9	18.2
...y & Merc Smlr ..... N□	130	—	178	118	4.1	141.2	7.9
Warrants	43	—	77	32	-	-	-
...y & Merc Tst Inc N□	118xd	—	127	113	10.0	-	-
Cap ..... □	134	-1	180	118	-	197.4	32.1
Warrants	30	—	40	30	-	-	-
...Stepd Prf ..... N	150	—	168	149½	4.9	-	-
...er Prop Inc ..... N□	109	—	113	108	10.2	-	-
Cap ..... □	89	-2	119	80	-	143.0	37.8
Warrants	4	—	11	4	-	-	-
Zero Div Pf	86½	—	88¼	83¼	-	-	-
Andrew ..... N	328xd	—	343	290	3.0	337.2	2.7
David's Inc ..... N	143xd	—	143	124	13.1	-	-
Cap	191	-1	229	186	-	292.8	34.8
Zero Prf	147	-½	151½	142½	-	-	-
...ncan Value ..... □	95	—	99	81	-	98.8	3.8
Warrants ..... □	28	-1	43	20	-	-	-
...IT Inc ..... N	180	-1	210	170	23.3	-	-
Cap	1173	-12	1235	1055	-	1360.9	13.8
...roder UK Gwth ..... □	96	—	99	90½	-	93.5	-4.6
Warrants ..... □	41	—	42	33	-	-	-

LEISURE & HOTELS - Cont.

Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
David Lloyd ..... N□	255	+1	258	209	120.1	1.7	22.7
Euro Disney FFr ..... □	115	—	*213	92	878.9	-	-
Eurocamp ..... †□	279	—	290	232	72.4	4.4	11.5
European Leis ..... □	3¼	—	4	2½	25.8	-	-
Fairline Boats ..... ‡N	450	+6	450	308	15.8	3.3	31.3
Farringford ..... □	8	—	8½	6	1.57	-	-
First Leisure ..... †N□	281xd	—	330	262	458.2	3.0	18.7
Flagstone ..... □	1¼	—	*2¼	1½	12.8	-	-
Forte ..... N□	236	—	285	209½	2,098	3.9	37.1
Friendly Hotels ..... N	188	—	*207	169	37.4	3.8	32.3
GR ..... N	56	—	79	49	7.24	4.1	-
Granada ..... †N□	494xd	+4	606	466	2,666	2.3	19.5
7½p Cv Pf	187½	—	224½	168½	329.9	5.0	-
Groupe Chez Gerard N□	101	—	118	95	18.9	-	14.6
For Harmony Prop see section PROPERTY							
Hi-Tec Sports ..... N□	84	—	88	62	40.8	4.1	12.4
Hornby ..... N	188	—	218	178	15.6	6.0	17.3
Jurys Hotel IE	163¾	+5¾	169½	142½	65.8	4.2	ϕ
Kunick ..... N□	18	+¼	18¼	11¾	38.5	-	-
8¼pc Cv Pf	94xd	—	119	93	37.5	11.0	-
Ladbroke ..... †N□	168	-1	217½	153	1,982	2.6	24.4
London Clubs ..... N□	282	-1	283	200	189.4	5.7	13.3
Magnolia ..... N	78	—	184	70	4.46	0.2	-
Man Utd ..... †N□	672	—	702	639	82.0	3.7	27.1
Mandarin Orient $	89	+3¼	109¼	78¼	873.9	3.3	25.5
Millwall ..... N□	3¼	—	*4½	2½	10.4	-	-
My Kinda Town ..... □	13½	—	15	13¼	32.7	-	-
Northern ..... N□	60	+2	61	34	19.5	2.1	11.8
Cv Db 95/01	£128½	+3	£130	£102½	8.95	-	-
Owners Abrd ..... N□	108	—	130	81	185.4	4.2	-
8½p Cv Pf	168xd	-½	221	161	45.9	6.4	-
Parkdean Leis ..... N□	154	—	171	132	18.4	3.5	17.3
Pelican ..... N□	99xd	+1	*102	65½	69.3	1.4	ϕ
PizzaExpress ..... N□	127	-2	141	109	67.8	0.5	26.8
Prism Leis ..... N□	135xd	—	183	135	11.4	3.9	9.5
Quadrant ..... □	31	—	43	28	11.4	-	-
Queens Moat ..... N	47½d	—	47½	47½	438.0	-	-
7pc Cv Pf	104s	—	106	104	27.1	8.4	-

OIL EXPLORATION & PRODUCTION - Cont.

PROPERTY - Cont.

RETAILERS, GENERAL - Cont.

TRANSPORT - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

LIFE ASSURANCE

MEDIA

SPIRITS, WINES & CIDERS

WATER

SUPPORT SERVICES

AMERICANS

CANADIANS

Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's
Toronto-Dom	9⅛	-⅛	11¾	9⅛	2,917	3.9
Trans Can Pipe ..... ♥	8⅞	-⅛	10⅞	7⅜	1,530	4.7

OTHER SERVICES & BUSINESSES

TELECOMMUNICATIONS

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

TEXTILES & APPAREL

RETAILERS, FOOD

PHARMACEUTICALS

MERCHANT BANKS

PRINTING, PAPER & PACKAGING

OIL EXPLORATION & PRODUCTION

RETAILERS, GENERAL

TOBACCO

TRANSPORT

LEISURE & HOTELS

PROPERTY

SOUTH AFRICANS

Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind	£30	—	£30	£13½	1,956	2.5	22.0
Barlow ..... Z	843⅞	—	885⅞	£3⅞	963.9	0.7	-
Gold Flds Prop R	127xd	—	128	75	13.0	7.4	ϕ
MK Props ..... z	95	—	95	65	3.42	14.3	ϕ
SASOL ..... ♥	478	—	493	280	2,722	3.0	-
SA Brews	£12⅛	—	£15⁵⁄₁₆	£10	3,387	2.2	20.0
Tiger Oats ..... †	680	—	638	538	902.2	2.6	12.7
Tongaat-Hulett ..... h	581	—	*616½	356¼	629.5	2.2	18.2

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) UK & Irish incorporated non-listed companies.
- § Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield: p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualise yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Waverley Unit Tst Mngmt Ltd (1000)F

Whittingdale Unit Tst Mngmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Baring Investment Mngmt Ltd

CAF – Charity Money Management

CIM Unit Trust Managers Ltd

Cent. Bd. of Fin. of Church of England‡

INSURANCES

Acuma Life Assurance Ltd

AEGON Life Assurance Co (UK) Ltd

FT MANAGED FUNDS SERVICE

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Scottish Mutual Assurance plc
100 St Vincent St, Glasgow 041-248 6321

	Bid Price	Offer Price	+ or -	Yield Gross
Fixd End Aug 16	1507.6	1645.7	—	-
Pen Mngd Jul 29	1390.5	1353.8		-
Safety Fund	214.4	238.4	+0.40	-
Growth Fund	230.7	242.9	-0.70	-
Opportunity Fund	226.1	238.0	-0.10	-
Worldwide Venture Fnd	185.6	195.4	-0.30	-
UK Equity Fund	242.3	255.1	-1.40	-
UK Smaller Cos. Fund	228.5	240.3	-0.20	-
European Fund	354.4	373.1	+0.30	-
Far Eastern Fnd	381.3	401.4	-2.40	-
Japanese Fnd	147.4	155.2	-0.20	-
North American Fund	228.6	240.1	+0.20	-
International Fund	296.2	311.8	-0.70	-
Gilts & Fxd Int Fund	190.1	200.2	+0.70	-
Index-Linked Fund	175.1	184.4	-0.10	-
Property Fund	132.3	139.3	-0.10	-
Cash Fund	171.2	182.4		-
Pens Safety Fnd	273.9	288.4	+0.40	-
Pens Growth Fnd	349.4	362.6	-1.00	-
Pens Opportunity Fnd	282.0	295.3	-0.60	-
Pens Wrlwde Venture Fnd	199.1	209.6	-0.40	-
Pens UK Equity Fnd	243.7	256.6	-1.80	-
Pens UK Smlr Co's Fnd	207.8	218.8	-0.20	-
Pens European Fnd	329.1	346.7	+0.80	-
Pens Far East Fnd	450.1	473.8	-2.50	-
Pens Japanese Fnd	144.8	152.5	-0.10	-
Pens Nth American Fnd	301.6	317.5	+0.50	-
Pens International Fnd	309.5	325.8	-0.30	-
Pens Gilts/Fxd Int Fnd	228.3	240.4	+0.90	-
Pens Index-linked Fnd	181.1	190.7	-0.10	-
Pens Property Fnd	147.5	155.3	-0.30	-
Pens Cash Fund	215.4	226.8	+0.10	-
Pens Halifax Fnd	231.8	244.1	--	-

Scottish Provident Group
6 St Andrew Sq, Edinburgh 031-556 2052

Scottish Provident Institution Funds

Life Funds

	Bid Price	Offer Price	+ or -	Yield Gross
With-Profits	113.6	119.6		-
Managed	270.1	284.4	-0.7	-
Blue Chip	144.3	152.0	-1.4	-
Equity	279.9	294.7	-1.9	-
International	298.8	314.6	-1.5	-
Property	234.8	247.2	--	-
Fixed Interest	207.4	219.3		-
Index-linked	174.0	183.2	-0.1	-
Cash	165.8	175.5	--	-
Money Market	122.3	128.7	--	-

Sun Alliance Group - Contd.

Property Growth Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Managed (Acc)		1175.6	-4.6	-
Managed (Cap)		823.3	-3.5	-
Building Society (Acc)		802.7	+0.1	-
Building Society (Cap)		495.2	+0.1	-
Conv Bldng Soc (Acc)		659.4	+0.1	-
Conv Bldng Soc (Cap)		461.7		-
Equity (Acc)		992.0	-8.8	-
Equity (Cap)		596.9	-5.8	-
Gilt Edged (Acc)		491.6	+1.4	-
Gilt Edged (Cap)		273.1	+0.8	-
International (Acc)		372.8	-0.8	-
International (Cap)		258.5	-0.6	-
Property (Acc)		725.3	+0.1	-
Property (Cap)		374.3		-
Pension Fund Units		613.8	+0.1	-
Immediate Annuity		329.0	—	-
Retirement Annuity		1231.8	—	-

Sun Life Unit Assurance Ltd
St James Barton, Bristol BS99 7SL 0272 426911

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Acc.	914.7	962.9	-1.8	-
Property Acc.	330.3	347.7	-3.7	-
Equity Acc.	1466.4	1543.6	-2.9	-
Fixed Interest Acc.	378.9	399.0	+0.7	-
Cash Acc.	307.2	323.4		-
International Acc.	811.1	853.4	-8.3	-
Distribution	280.3	295.1	-0.5	8.05
American Equity Acc.	357.2	376.0	+0.5	-
Far Eastern Acc.	913.5	961.6	-8.2	-
Index-Linked Acc.	193.8	204.1	-0.2	-
Japan Acc.	332.3	349.8	-8.2	-
Pacific Acc.	395.8	416.7	-0.8	-
European	201.5	212.2	+0.5	-
Anniversary Bond	154.3		-0.2	-
Defd Distribution	165.9	174.7	-0.1	-

Sun Life Pensions Management Ltd

(Units for individual pension contracts)

	Bid Price	Offer Price	+ or -	Yield Gross
Pens. Managed Acc.	1193.8	1256.7	-2.9	-
Pens. Property Acc.	341.3	359.3	+0.1	-
Pens. Equity Acc.	1872.5	1971.1	-3.9	-
Pens. F. Interest Acc.	467.7	492.4	+0.6	-
Pens. Cash Acc.	416.4	438.4	+0.1	-
Pens. Internat. Acc.	723.4	761.5	-10.4	-
Pens. Amer. Equity Acc.	355.0	373.7	+0.5	-
Pens. Far Eastern Acc.	1582.6	1634.4	-12.5	-
Pens. Ind. Lnkd. Acc.	218.9	230.5	-0.4	-
Pens. Japan Acc.	372.5	392.2	-7.1	-
Pens. Pacific Acc.	568.9	598.9	-1.5	-

Century Life International Ltd

Eagle Star Intl Life

Equitable Life (International)

MANAGEMENT SERVICES

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

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CURRENCIES AND MONEY

MARKETS REPORT

Sterling futures recover

Short sterling futures rose sharply yesterday when the Bank of England left short term interest rates unchanged, *writes Philip Gawith.*

As soon as the Bank confirmed in its morning operations that rates were on hold, prices rose sharply. There had been fears, following the monthly monetary meeting on Wednesday, that UK monetary policy might be tightened.

The Bank's stance was backed up by the release of the CBI's August distributive trades survey, which suggested a possible fall in the rate of GDP growth, and a further drop in inflation.

The December short sterling contract finished 18 basis points up at 93.73 on fairly heavy volumes – nearly 66,000 lots were traded. Sterling had a steady day, helped by the firmer dollar, with the trade weighted index closing at 78.8 from 78.6. Sterling three month LIBOR eased to 5 19/32 per cent from 5 21/32 per cent.

The dollar rose nearly a pfennig, helped by favourable comments from a variety of US and German officials, to close in London at DM1.5562 from DM1.5486. It was also firmer against the yen, finishing at Y99.4 from Y98.965.

The firmer dollar caused the D-Mark to weaken against most European currencies. It finished at L1,016 against the Italian lira, from L1,019. The Swedish krona firmed to SKr4.906 from SKr4.923.

■ Analysts said short sterling had been the beneficiary of a massive short covering rally, with numerous stop-loss orders triggered, once the Bank had shown its hand.

The longer end of the yield curve benefited from the distributive trades survey. Mr Don Smith, UK economist at Greenwell Montagu, commented: "This survey should effectively put the kibosh on speculation of an imminent rate hike."

Mr Simon Briscoe, UK economist at SG Warburg, said the general weakness across all aspects of the survey pointed to a fall in the rate of GDP growth, with underlying retail price inflation also likely to fall over the next quarter. "A rate rise against this background would be extraordinary," he added.

At the shorter end, Mr Richard Phillips, analyst at brokers GNI, said there had been a "very positive reaction to the Bank's non-action". He said the market had seen very good buying, and was awash with rumours of large stop-loss orders being triggered if prices continued to rise.

The pound was helped by a good trade figure which, analysts said, showed there was less chance of a sterling crisis, and less need for the government to raise interest rates in fear of one.

The Bank of England cleared a £1.2bn shortage in UK money markets, at established rates, in its morning rounds.

■ UK and European interest rate markets benefited from a string of bullish comments from senior Bundesbank officials.

Mr Otmar Issing, the Bundesbank board member, said in an interview that German inflation and M3 growth could be expected to continue falling, while Mr Hans-Juergen Krupp said he could not understand why the dollar was so weak.

A Bundesbank spokesman also confirmed that Mr Hans Tietmeyer, the Bundesbank president, had not said in a speech that German short term rates could not fall further. He had simply suggested that a decline could not be expected in the next few weeks.

This prospect of lower rates was endorsed by Mr Julian Jessop, international economist at Midland Global Markets. In a research paper published today, he suggests that the discount rate is likely to be cut at least one more time.

Cautioning against reading too much into these pronouncements was Mr Michael Gallagher, director of IDEA, the financial markets consultancy. "These statements should be seen as an attempt by the Bundesbank to keep the market guessing on interest rate policy rather than a formal statement of intent," he said.

He said the real issue was not whether economic conditions would allow another cut – inflation and money supply figures favour one – but whether it was needed.

With current data suggesting the recovery was not stalling, he said a further cut was "probably unnecessary", concluding that "we see fading prospects for such a cut."

■ *The dollar was helped by the* Bundesbank comments, and a senior Clinton official saying the administration favoured a stronger dollar. The market largely ignored a string of comments about US-Japan trade talks.

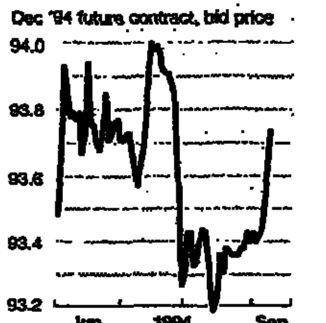
Mr Ian Gunner, international economist at Chase Manhattan, said the market had decided to test the upside of the current trading range after failing to break lower earlier this week.

The release today of the August PPI figures should give the market new direction, as it will provide some sense of how the Fed is doing in the battle against inflation.

Mr Dave Munro, chief US economist at High Frequency Economics in New York, downplayed the PPI, saying: "Any big market impact will have only a thirty minute half-life."

Sterling

Dec '94 future contract, bid price



Source: FT Graphite

■ **Pound in New York**

Sep 8	Latest	Prev. close
£ spot	1.5435	1.5458
1 mth	1.5433	1.5455
3 mth	1.5402	1.5439
1 yr	1.5311	1.5318

■ **OTHER CURRENCIES**

Sep 8	£	$
Hungary	165.645 - 165.776	107.200 - 107.250
Iran	2708.00 - 2711.00	1748.00 - 1750.00
Kuwait	0.4597 - 0.4611	0.2975 - 0.2983
Poland	35431.4 - 35473.8	22930.0 - 22950.0
Russia	3492.83 - 3500.56	2260.00 - 2265.00
U.A.E.	5.6828 - 5.6742	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Sep 8		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.9273	+0.0716	207 - 339	16.8382	16.8188	16.923	0.3	16.9111	0.4	-	-	115.3
Belgium	(BFr)	49.5503	+0.2052	206 - 799	49.5799	49.2610	49.5153	0.8	49.5653	-0.1	49.3453	0.4	116.9
Denmark	(DKr)	9.5157	+0.0345	099 - 215	9.5180	9.4599	9.5229	-0.9	9.5426	-1.1	9.5788	-0.6	116.4
Finland	(FM)	7.8063	+0.0206	977 - 148	7.8160	7.7680	-	-	-	-	-	-	84.2
France	(FFr)	8.2422	+0.0295	385 - 458	8.2458	8.1936	8.2458	-0.5	8.2485	-0.2	8.2095	0.4	110.3
Germany	(DM)	2.4051	+0.0098	042 - 059	2.4095	2.3810	2.4051	0.0	2.4024	0.4	2.3748	1.3	126.3
Greece	(Dr)	366.349	+1.888	058 - 640	367.376	363.175	-	-	-	-	-	-	-
Ireland	(I£)	1.0140	+0.0005	133 - 146	1.0156	1.0111	1.0144	-0.5	1.0159	-0.7	1.0216	-0.7	103.8
Italy	(L)	2444.29	+3.89	350 - 507	2445.07	2327.97	2451.29	-3.4	2463.79	-3.2	2525.29	-3.3	75.0
Luxembourg	(LFr)	49.5503	+0.2051	206 - 799	49.5799	49.2610	49.5153	0.8	49.5653	-0.1	49.3453	0.4	116.9
Netherlands	(Fl)	2.6973	+0.0114	961 - 985	2.6985	2.6797	2.6974	-0.1	2.6945	0.4	2.6627	1.3	121.0
Norway	(NKr)	10.5754	+0.0369	721 - 788	10.5796	10.5126	10.5724	0.3	10.5829	-0.3	10.5699	0.1	96.2
Portugal	(Es)	245.196	+0.103	089 - 303	246.125	243.166	246.916	-8.5	250.096	-8.0	-	-	-
Spain	(Pta)	200.051	+0.288	980 - 122	200.122	199.150	200.491	-2.6	201.316	-2.5	204.071	-2.0	86.9
Sweden	(SKr)	11.8048	+0.0115	971 - 125	11.8125	11.7052	11.8263	-2.2	11.8768	-2.4	12.0873	-2.5	74.3
Switzerland	(SFr)	2.0137	+0.0098	126 - 148	2.0157	1.9964	2.0123	0.8	2.0079	1.2	1.9757	1.9	122.2
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	78.8
Ecu	-	1.2624	+0.0035	619 - 628	1.2630	1.2557	1.2632	-0.7	1.2638	-0.4	1.2634	-0.1	-
SDR†	-	0.945107	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5446	-0.0013	443 - 449	1.5466	1.5429	-	-	-	-	-	-	-
Brazil	(R)	1.3592	-0.0092	582 - 602	1.3654	1.3582	-	-	-	-	-	-	-
Canada	(C$)	2.1155	-0.0012	148 - 162	2.1178	2.1116	2.1149	0.4	2.1151	0.1	2.1149	0.0	86.6
Mexico	(New Peso)	5.2522	-0.0044	475 - 569	5.2589	5.2475	-	-	-	-	-	-	-
USA	($)	1.5455	-0.0013	452 - 457	1.5475	1.5437	1.5453	0.2	1.5439	0.4	1.5326	0.8	62.8
Pacific/Middle East/Africa													
Australia	(A$)	2.0763	-0.0054	752 - 773	2.0811	2.0752	2.0762	0.0	2.0776	-0.3	2.0958	-0.9	-
Hong Kong	(HK$)	11.9420	-0.0107	393 - 447	11.9578	11.9294	11.9381	0.4	11.937	0.2	11.944	0.0	-
India	(Rs)	48.4827	-0.0427	729 - 925	48.5450	48.4340	-	-	-	-	-	-	-
Japan	(Y)	153.618	+0.543	547 - 689	153.800	153.130	153.278	2.7	152.433	3.1	147.668	3.9	169.2
Malaysia	(M$)	3.9525	+0.0016	511 - 539	3.9573	3.9465	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5547	+0.0062	532 - 561	2.5676	2.5490	2.5586	-1.8	2.5664	-1.8	2.5887	-1.3	-
Philippines	(Peso)	40.6454	-0.0342	070 - 838	40.9162	40.4070	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.7957	-0.0049	943 - 970	5.8030	5.7895	-	-	-	-	-	-	-
Singapore	(S$)	2.3176	-0.0025	163 - 188	2.3202	2.3156	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5030	-0.0116	009 - 050	5.5220	5.5007	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.9606	-0.0067	642 - 974	6.9974	6.9602	-	-	-	-	-	-	-
South Korea	(Won)	1237.96	-1.36	755 - 841	1239.70	1236.97	-	-	-	-	-	-	-
Taiwan	(T$)	40.4754	-0.0576	611 - 896	40.5584	40.4503	-	-	-	-	-	-	-
Thailand	(Bt)	38.6208	-0.0016	991 - 425	38.6570	38.5640	-	-	-	-	-	-	-

†SDR rates for Sep 7. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Sep 8		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
Austria	(Sch)	10.9530	+0.0555	505 - 555	10.9555	10.8815	10.8975	0.0	10.8973	0.0	10.8225	0.7	104.5
Belgium	(BFr)	32.0620	+0.1595	480 - 760	32.0780	31.8840	31.9275	-0.9	31.9425	-0.5	32.0625	-0.5	106.1
Denmark	(DKr)	6.1573	+0.0275	545 - 600	6.1600	6.1219	6.1363	-1.3	6.1573	-1.8	6.2348	-1.7	104.6
Finland	(FM)	5.0511	+0.0175	464 - 558	5.0558	5.0179	5.0336	0.0	5.0411	-0.6	5.1036	-1.4	78.7
France	(FFr)	5.3332	+0.0236	317 - 347	5.3347	5.3030	5.3125	-0.7	5.3188	-0.7	5.2791	0.6	106.6
Germany	(D)	1.5562	+0.0076	559 - 565	1.5570	1.5415	1.5488	-0.2	1.5488	-0.1	1.5448	0.2	107.4
Greece	(Dr)	237.050	+1.42	900 - 200	237.400	235.050	235.83	-1.5	236.605	-1.7	238.405	-1.6	69.3
Ireland	(I£)	1.5242	-0.002	234 - 249	1.5295	1.5226	1.5251	0.8	1.5212	1.3	1.4997	1.7	-
Italy	(L)	1581.60	+3.84	135 - 185	1581.85	1571.25	1582.31	-3.5	1592.76	-3.8	1648.76	-4.5	75.2
Luxembourg	(LFr)	32.0620	+0.1595	480 - 760	32.0780	31.8840	31.9275	-0.9	31.9425	-0.5	32.0625	-0.5	106.1
Netherlands	(Fl)	1.7453	+0.0068	448 - 458	1.7458	1.7346	1.7387	-0.2	1.7368	-0.1	1.7327	0.2	105.9
Norway	(NKr)	6.8429	+0.0296	419 - 439	6.8439	6.8032	6.8158	-0.4	6.8283	-0.9	6.7453	1.0	96.3
Portugal	(Es)	158.650	+0.2	600 - 700	159.150	157.370	159.4	-7.2	161.075	-6.6	168.45	-6.3	95.3
Spain	(Pta)	129.445	+0.295	420 - 470	129.470	128.900	129.465	-2.8	130.065	-2.9	133.08	-3.0	80.6
Sweden	(SKr)	7.6385	+0.0139	347 - 422	7.6422	7.5752	7.6441	-3.1	7.6846	-3.1	7.8946	-3.6	79.7
Switzerland	(SFr)	1.3030	+0.0074	025 - 035	1.3045	1.2935	1.2948	0.6	1.2934	0.7	1.2836	0.9	106.1
UK	(£)	1.5455	-0.0013	452 - 457	1.5475	1.5437	1.5466	0.2	1.5452	0.4	1.5341	0.8	86.6
Ecu	-	1.2243	-0.0044	240 - 245	1.2305	1.2235	1.2277	1.0	1.2258	1.0	1.217	1.0	-
SDR†	-	1.46416	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9995	-	994 - 995	0.9995	0.9994	-	-	-	-	-	-	-
Brazil	(R)	0.8795	-0.0045	790 - 800	0.8820	0.8800	-	-	-	-	-	-	-
Canada	(C$)	1.3689	+0.0004	686 - 691	1.3691	1.3668	1.3695	-0.5	1.3712	-0.7	1.3844	-1.1	83.2
Mexico	(New Peso)	3.3985	-	960 - 010	3.4010	3.3970	3.3995	-0.4	3.4013	-0.3	3.4087	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.4
Pacific/Middle East/Africa													
Australia	(A$)	1.3435	-0.0024	430 - 439	1.3464	1.3430	1.3438	-0.2	1.3445	-0.3	1.3518	-0.6	87.6
Hong Kong	(HK$)	7.7272	-0.0004	267 - 277	7.7277	7.7267	7.727	0.0	7.7277	0.0	7.7427	-0.2	-
India	(Rs)	31.3713	-0.0012	700 - 725	31.3725	31.3700	31.4563	-3.3	31.6013	-2.9	-	-	-
Japan	(Y)	99.4000	+0.435	700 - 300	99.5000	99.0700	99.2	2.4	98.76	2.6	96.455	3.0	149.7
Malaysia	(M$)	2.5575	+0.0032	570 - 580	2.5600	2.5555	2.5483	4.3	2.537	3.2	2.6105	-2.1	-
New Zealand	(NZ$)	1.6530	+0.0047	523 - 537	1.6592	1.6513	1.6539	-0.7	1.6558	-0.7	1.6611	-0.5	-
Philippines	(Peso)	26.3000	-	500 - 500	26.4500	26.1500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7502	-	499 - 504	3.7504	3.7499	3.7515	-0.4	3.7558	-0.6	3.7742	-0.6	-
Singapore	(S$)	1.4995	-0.0004	990 - 000	1.5000	1.4992	1.4982	1.1	1.4963	0.9	1.4895	0.7	-
S Africa (Com.)	(R)	3.5608	-0.0045	600 - 615	3.5690	3.5575	3.5763	-5.2	3.6046	-4.9	3.6813	-3.4	-
S Africa (Fin.)	(R)	4.5170	-0.0005	070 - 270	4.5270	4.5050	4.5507	-9.0	4.6095	-8.2	-	-	-
South Korea	(Won)	801.050	-0.2	900 - 200	801.400	800.900	804.05	-4.5	807.55	-3.2	826.05	-3.1	-
Taiwan	(T$)	26.1900	-0.0153	850 - 950	26.2175	26.1650	26.21	-0.9	26.25	-0.9	-	-	-
Thailand	(Bt)	24.9900	+0.02	800 - 000	25.0000	24.9850	25.0625	-3.5	25.19	-3.2	25.67	-2.7	-

†SDR rate for Sep 7. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Sep 7. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Sep 8		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.20	16.63	4.854	2.046	4932	5.443	21.33	494.7	403.6	23.81	4.065	2.018	4.268	3.118	310.0	2.547
Denmark	(DKr)	52.07	10	8.661	2.527	1.066	2568	2.834	11.11	257.6	210.2	12.40	2.116	1.051	2.223	1.624	161.4	1.326
France	(FFr)	60.12	11.55	10	2.918	1.230	2965	3.272	12.82	297.4	242.7	14.32	2.444	1.213	2.566	1.875	186.4	1.531
Germany	(DM)	20.60	3.957	3.427	1	0.422	1016	1.121	4.395	101.9	83.16	4.906	0.837	0.416	0.879	0.642	63.87	0.525
Ireland	(I£)	48.87	9.385	8.128	2.372	1	2410	2.660	10.42	241.7	197.2	11.64	1.986	0.986	2.086	1.524	151.5	1.245
Italy	(L)	2.027	0.389	0.337	0.098	0.041	100.	0.110	0.432	10.03	8.183	0.483	0.082	0.041	0.087	0.063	6.285	0.052
Netherlands	(Fl)	18.37	3.528	3.056	0.892	0.376	906.2	1	3.919	90.88	74.16	4.375	0.747	0.371	0.784	0.573	56.95	0.468
Norway	(NKr)	46.88	9.003	7.798	2.275	0.959	2312	2.552	10	231.9	189.2	11.16	1.905	0.946	2.001	1.462	145.3	1.194
Portugal	(Es)	20.22	3.882	3.363	0.981	0.414	997.1	1.100	4.313	100.	81.60	4.814	0.822	0.408	0.863	0.630	62.67	0.515
Spain	(Pta)	24.78	4.758	4.121	1.203	0.507	1222	1.349	5.285	122.6	100.	5.900	1.007	0.500	1.058	0.773	76.80	0.631
Sweden	(SKr)	41.99	8.064	6.985	2.038	0.859	2071	2.286	8.958	207.7	169.5	10	1.707	0.847	1.792	1.309	130.2	1.069
Switzerland	(SFr)	24.60	4.725	4.092	1.194	0.503	1214	1.339	5.248	121.7	99.30	5.859	1	0.497	1.050	0.767	76.27	0.627
UK	(£)	49.55	9.516	8.242	2.405	1.014	2444	2.697	10.57	245.1	200.0	11.80	2.014	1	2.115	1.545	153.6	1.262
Canada	(C$)	23.43	4.499	3.897	1.137	0.479	1156	1.275	4.998	115.9	94.56	5.579	0.952	0.473	1	0.730	72.62	0.597
US	($)	32.07	6.159	5.335	1.557	0.656	1582	1.746	6.841	158.6	129.4	7.638	1.304	0.647	1.369	1	99.42	0.817
Japan	(Y)	32.26	6.195	5.366	1.566	0.660	1591	1.756	6.882	159.6	130.2	7.682	1.311	0.651	1.377	1.006	100.	0.822
Ecu		39.26	7.540	6.531	1.906	0.803	1937	2.137	8.376	194.2	158.5	9.350	1.596	0.792	1.676	1.224	121.7	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.6443	0.6452	-0.0002	0.6482	0.6442	43,124	97,595
Dec	0.6455	0.6451	-0.0003	0.6457	0.6432	11,823	31,420
Mar	0.6451	0.6460	-	0.6464	0.6450	19	2,952

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.0061	1.0063	+0.0012	1.0091	1.0060	22,480	57,930
Dec	1.0138	1.0148	+0.0008	1.0157	1.0132	6,186	15,254
Mar	-	1.0218	-	1.0218	1.0207	5	1,757

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.7708	0.7716	-0.0005	0.7735	0.7701	19,408	34,103
Dec	0.7728	0.7731	-0.0006	0.7748	0.7715	4,689	11,081
Mar	0.7737	0.7745	-	0.7752	0.7737	43	104

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.5442	1.5478	+0.0018	1.5480	1.5440	9,822	34,766
Dec	1.5450	1.5456	+0.0016	1.5464	1.5442	3,535	4,767
Mar	-	1.5420	-	1.5420	1.5410	2	183

EMS EUROPEAN CURRENCY UNIT RATES

Sep 8	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.14316	+0.00168	-2.44	5.74	-
Belgium	40.2123	39.3655	+0.007	-2.11	5.36	16
Germany	1.94964	1.91158	+0.00217	-1.95	5.22	-
Ireland	0.808628	0.807232	-0.001338	-0.17	3.34	1
France	6.53883	6.55128	+0.00036	0.19	2.97	-2
Portugal	192.854	194.757	-0.475	0.98	2.15	-7
Denmark	7.43679	7.56128	+0.00098	1.67	1.46	-11
Spain	154.250	159.126	-0.429	3.16	0.00	-22
NON ERM MEMBERS						
Greece	264.513	291.038	+0.465	10.03	-6.24	-
Italy	1793.19	1944.25	-4.99	8.42	-4.85	-
UK	0.786749	0.796692	-0.000697	1.26	1.87	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Sep	Oct	Nov	PUTS Sep	Oct	Nov
1.450	9.63	9.52	9.50	-	-	0.04
1.475	7.13	7.12	7.20	-	-	0.16
1.500	4.61	4.79	5.07	-	0.15	0.51
1.525	2.26	2.75	3.25	0.05	0.60	1.17
1.550	0.48	1.30	1.90	0.74	1.59	2.24
1.575	0.01	0.48	0.98	2.68	3.21	3.75

Previous day's vol., Calls 5,238 Puts 5,908 . Prev. day's open int., Calls 604,031 Puts 441,827

WORLD INTEREST RATES

MONEY RATES

September 8	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4 7/8	5 1/16	5 3/8	5 13/16	6 1/4	7.40	4.50	-
week ago	4 7/8	5 1/8	5 1/2	5 7/8	6 3/8	7.40	4.50	-
France	5 3/8	5 1/2	5 5/8	5 15/16	6 3/4	5.00	-	6.75
week ago	5 3/8	5 1/2	5 3/4	5 15/16	6 3/8	5.00	-	6.75
Germany	4.88	4.95	4.95	5.10	5.45	6.00	4.50	4.85
week ago	4.90	4.95	4.95	5.02	5.33	6.00	4.50	4.85
Ireland	4 15/16	5 1/2	6 3/8	6 5/8	7 1/8	-	-	6.25
week ago	4 7/8	5 1/2	6 3/8	6 5/8	7 1/8	-	-	6.25
Italy	8 1/2	8 3/4	8 13/16	9 3/8	10 1/8	-	7.50	8.45
week ago	8 1/2	8 3/4	8 3/4	9 3/8	10 3/8	-	7.50	8.45
Netherlands	4.84	4.97	5.02	5.16	5.50	-	5.25	-
week ago	4.84	4.97	4.99	5.11	5.42	-	5.25	-
Switzerland	3 7/8	4	4 3/8	4 3/4	4 3/4	6.625	3.50	-
week ago	3 3/4	4	4 3/8	4 1/2	4 5/8	6.625	3.50	-
US	4 13/16	4 3/4	4 15/16	5 1/4	5 3/4	-	4.00	-
week ago	4 3/4	4 3/4	4 13/16	5 1/4	5 3/4	-	4.00	-
Japan	2 1/8	2 1/4	2 1/4	2 1/4	2 11/16	-	1.75	-
week ago	2 1/8	2 1/4	2 1/4	2 3/8	2 11/16	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	4 7/8	5	5 3/8	5 13/16	-	-	-
week ago	-	4 7/8	5	5 3/8	5 13/16	-	-	-
US Dollar CDs	-	4.65	4.80	5.07	5.58	-	-	-
week ago	-	4.65	4.80	5.07	5.58	-	-	-
SDR Linked Ds	-	3 5/8	3 3/8	3 3/4	4	-	-	-
week ago	-	3 1/2	3 3/8	3 3/4	4	-	-	-

ECU Linked Ds mid rates: 1 mth. 5 3/8; 3 mths: 5 3/8; 6 mths: 6 1/8; 1 year: 6 3/4. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Sep 8	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4 11/16 - 4 1/2	4 11/16 - 4 1/2	5 3/16 - 5 1/16	5 5/8 - 5 1/2	6 - 5 7/8	6 1/2 - 6 3/8
Danish Krone	5 3/4 - 5 5/8	5 3/4 - 5 5/8	6 3/8 - 5 3/4	6 5/8 - 6 1/2	7 3/16 - 7 1/16	7 11/16 - 7 7/16
D-Mark	4 15/16 - 4 13/16	5 - 4 7/8	5 - 4 7/8	5 - 4 7/8	5 1/8 - 5	5 7/16 - 5 3/8
Dutch Guilder	5 1/16 - 4 15/16	5 1/16 - 4 13/16	5 - 4 7/8	5 1/16 - 4 15/16	5 3/16 - 5 1/16	5 9/16 - 5 7/16
French Franc	5 5/8 - 5 1/4	5 7/8 - 5 3/4	5 1/2 - 5 3/8	5 5/8 - 5 1/2	6 - 5 7/8	6 7/16 - 6 3/16
Portuguese Esc.	12 1/8 - 11 7/8	9 1/2 - 9 1/4	10 3/4 - 10 1/2	11 - 10 3/4	11 1/8 - 10 7/8	11 1/2 - 11 1/4
Spanish Peseta	7 1/2 - 7 3/8	7 1/2 - 7 3/8	7 5/8 - 7 1/2	7 13/16 - 7 3/4	8 7/16 - 8 1/4	8 13/16 - 8 3/4
Sterling	4 7/8 - 4 5/8	4 13/16 - 4 11/16	5 - 4 13/16	5 19/32 - 5 17/32	5 7/8 - 5 3/4	6 3/4 - 6 11/16
Swiss Franc	3 3/4 - 3 1/2	3 7/8 - 3 3/4	4 1/16 - 3 15/16	4 1/8 - 4 1/16	4 7/16 - 4 5/16	4 3/4 - 4 5/8
Can. Dollar	5 1/8 - 4 13/16	5 1/4 - 5 1/16	5 3/8 - 5 1/4	5 13/16 - 5 11/16	6 3/8 - 6 1/4	7 1/4 - 7 1/8
US Dollar	4 3/4 - 4 5/8	4 13/16 - 4 11/16	4 7/8 - 4 3/4	5 - 4 7/8	5 3/8 - 5 1/4	5 13/16 - 5 11/16
Italian Lira	9 - 7 1/2	8 1/4 - 8	8 5/8 - 8 1/4	8 11/16 - 8 9/16	9 5/16 - 9 3/16	10 5/8 - 10 1/2
Yen	2 3/8 - 2 1/8	2 1/4 - 2 1/8	2 3/8 - 2 1/4	2 13/16 - 2 11/16	2 1/2 - 2 3/8	2 7/8 - 2 11/16
Asian $Sing	3 5/8 - 3 3/8	3 7/8 - 3 3/4	4 1/16 - 4 1/16	4 3/4 - 4 5/8	5 5/16 - 5 3/16	5 13/16 - 5 11/16

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.34	94.37	+0.04	94.37	94.34	9,392	42,908
Dec	93.86	93.92	+0.09	93.93	93.86	20,856	44,149
Mar	93.47	93.51	+0.08	93.52	93.47	7,320	28,972
Jun	93.15	93.18	+0.06	93.20	93.15	4,546	27,736

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	-	94.98	+0.01	-	-	0	2809
Dec	-	94.34	+0.04	-	-	0	2003
Mar	-	94.01	+0.03	-	-	0	1436
Jun	-	93.67	+0.03	-	-	0	334

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.98	95.00	+0.02	95.00	94.98	11290	130394
Dec	94.83	94.85	+0.04	94.88	94.83	43585	173827
Mar	94.45	94.49	+0.07	94.50	94.44	33126	163060
Jun	94.08	94.14	+0.08	94.15	94.06	19064	106140

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	91.10	91.11	+0.05	91.12	91.04	2890	20198
Dec	89.78	89.82	+0.09	89.85	89.73	8535	33351
Mar	89.17	89.16	+0.06	89.21	89.09	1835	18234
Jun	88.77	88.75	+0.05	88.80	88.65	1209	14046

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	95.80	95.79	+0.03	95.80	95.77	1685	15555
Dec	95.39	95.40	+0.04	95.41	95.37	5741	17324
Mar	95.12	95.10	+0.03	95.12	95.08	1206	11269
Jun	94.80	94.80	+0.04	94.82	94.79	490	5963

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.05	94.09	+0.06	94.10	94.04	821	8704
Dec	93.44	93.51	+0.10	93.51	93.42	1782	6587
Mar	93.04	93.05	+0.06	93.05	93.00	861	3927
Jun	92.64	92.66	+0.08	92.65	92.61	204	1614

* LIFFE futures traded on APT

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	94.98	94.98	+0.01	94.98	94.97	35,612	362,879
Dec	94.30	94.32	+0.02	94.34	94.30	70,009	501,675
Mar	93.99	94.00	+0.01	94.02	93.99	48,998	382,025

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	95.42	95.43	+0.01	95.44	95.42	2,183	9,722
Dec	94.88	94.90	+0.03	94.90	94.87	1,294	10,165
Mar	94.50	94.51	+0.01	94.51	94.50	85	4,376

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Sep	Oct	Nov	Dec	PUTS Sep	Oct	Nov	Dec
9500	0.04	0.04	0.06	0.08	0.04	0.19	0.21	0.23
9525	0	0.01	0.02	0.03	0.25	0.41	0.42	0.43
9550	0	0	0.01	0.02	0.50	0.65	0.66	0.67

Est. vol. total, Calls 1811 Puts 9718. Previous day's open int., Calls 259455 Puts 195071

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
9575	0.06	0.03	0.07	0.02	0.38	0.72
9600	0	0.02	0.04	0.21	0.62	0.94
9625	0	0.01	0.02	0.46	0.86	1.17

Est. vol. total, Calls 800 Puts 100. Previous day's open int., Calls 2905 Puts 1756

UK INTEREST RATES

LONDON MONEY RATES

Sep 8	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5 1/8 - 3 1/2	4 13/16 - 4 5/8	4 7/8 - 5	5 5/8 - 5 7/16	5 3/4 - 6 13/16	6 13/16 - 6 13/16
Sterling CDs	-	-	4 13/16 - 4 27/32	5 11/16 - 5 5/8	5 13/16 - 5 13/16	6 13/16 - 6 3/16
Treasury Bills	-	-	4 7/8 - 4 13/16	5 3/8 - 5 3/8	-	-
Bank Bills	-	-	4 7/8 - 4 13/16	5 3/8 - 5 5/16	5 13/16 - 5 21/32	-
Local authority deps.	5 1/16 - 4 13/16	5 1/16 - 4 13/16	4 13/16 - 4 13/16	5 3/8 - 5 7/8	5 13/16 - 5 13/16	6 13/16 - 6 13/16
Discount Market deps	4 7/8 - 3 5/8	4 7/8 - 4 5/8	-	-	-	-

UK clearing bank base lending rate 5 1/4 per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1 1/2	4	3 3/4	3 3/4	3 1/2

Certs of Tax dep. under £100,000 is 1 1/2pc. Deposits withdrawn for cash 3/4pc.
Ave. tender rate of discount 5.3585pc. ECGD fixed rate Stlg. Export Finance. Make up day Aug 31, 1994. Agreed rate for period Sep 26, 1994 to Oct 25, 1994, Schemes II & III 6.82pc. Reference rate for period July 30, 1994 to Aug 31, 1994, Schemes IV & V 5.578pc. Finance House Base Rate 5 1/2pc from Sep 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.39	94.48	+0.09	94.49	94.38	28949	92057
Dec	93.57	93.73	+0.18	93.74	93.57	67393	158885
Mar	92.78	92.88	+0.18	92.88	92.74	17589	78995
Jun	92.17	92.27	+0.13	92.29	92.14	8969	55316

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
9425	0.26	0.05	0.04	0.02	0.57	1.41
9450	0.06	0.02	0.02	0.08	0.78	1.64
9475	0	0.01	0.01	0.27	1.03	1.88

Est. vol. total, Calls 25059 Puts 24710. Previous day's open int., Calls 357975 Puts 294856

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	*Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	6
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	TSB	5.25
Bank of Baroda	5.25	Girobank	5.25	●United Bk of Kuwait	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	Unity Trust Bank Plc	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Western Trust	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Whiteaway Laidlaw	5.25
Bank of India	5.25	Heritable & Gen Inv Bk.	5.25	Yorkshire Bank	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25		
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley & Co Ltd	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of London Investment Banking Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Sep 8 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Sep 8 / Frs.)

[illegible]

DENMARK (Sep 8 / Kr)

[illegible]

FINLAND (Sep 8 / Mkk)

[illegible]

FRANCE (Sep 8 / Frs.)

[illegible]

GERMANY (Sep 8 / Dm.)

[illegible]

ITALY (Sep 8 / Lire)

[illegible]

NETHERLANDS (Sep 8 / Fls.)

[illegible]

NORWAY (Sep 8 / Kroner)

[illegible]

SPAIN (Sep 8 / Pta.)

[illegible]

SWEDEN (Sep 8 / Kronor)

[illegible]

SWITZERLAND (Sep 8 / Frs.)

[illegible]

PACIFIC

JAPAN (Sep 8 / Yen)

Rycbi	821	+3	858	447	—	—	NmdPos	2.49	+.06	2.79	1.90	2.4
Sakura	1,380	+10	1,540	1,230	—	—	NBHPek	3.80	–.14	4.15	3.06	3.4 25.6
Sanden	627	...	704	515	...	—	PacDun	4.22	–.08	5.92	4.13	5.1 —
Sankyo	2,380	+10	2,880	2,110	0.4	...	Pancon	1.98	—	2.15	1.38	— —
Sanrio	1,590	+40	2,150	1,010	...	...	Pasmnco	2.09	–.06	2.43	1.53	— —
SanwaBk	1,870	+10	2,370	1,850	...	...	Pionin	3.28	–.04	3.48	2.80	4.8 13.7
SnwaSh	927	–8	1,000	865	—	—	PlsPac	3.94	+.04	4.05	2.49	8.1 ...
SnyoEl	567	–1	808	415	—	—	Plutoc	8.42	+.27	9.25	5.80	0.9 —
Sapporo	937	–5	1,000	870	—	—	PosGld	3.87	–	4.30	2.83	2.8 ...
Secom	6,630	+10	7,280	6,350	0.6	—	QBE In	6.85	+.25	6.96	4.60	3.8 —
SegaEn	6,180	–70	9,540	6,100	...	...	QCT Re	1.60	–.10	1.74	1.15	8.7 —
SeibuR	4,130	+260	4,850	3,370	—	—	RenGd	5.35	—	6.25	4.28	0.5 —
SeinoT	1,880	—	1,900	1,580	0.8	—	Rothm	4.82	...	7.13	4.82	8.3 5.5
SeiyoF	1,280	–30	1,390	1,060	—	—	Santos	3.91	–.06	4.52	3.88	6.9 9.1
Seiyu	1,370	–10	1,510	1,260	—	—	SmthHw	6.38	–.03	7.10	5.95	4.7 —
SekChm	1,070	—	1,160	956	...	—	SonSwa	11.30	...	11.40	8.10	4.4 —
SekHse	1,180	–20	1,490	1,180	1.5	—	Sthc'p	2.93	–	3.90	2.85	— —

[illegible]

HONG KONG (Sep 8 / H.K.$)

[illegible]

MALAYSIA (Sep 8 / MYR)

[illegible]

SINGAPORE (Sep 8 / S$)

[illegible]

AUSTRALIA (Sep 8 / Aust$)

[illegible]

NORTH AMERICA

CANADA

TORONTO (Sep 8 / Can $)

4 pm close

Sales	Stock	Price	+/-	High	Low	Sales	Stock	Price	+/-	High	Low
171082	Abitib	19½	–⅛	$19¾	19⅜	12350	PanCnP	42		$42¼	42
108988	AgnEag	18⅛	–⅛	$18¾	17⅞	64400	Pgasus	22⅞	–1	$23⅞	22⅞
1880500	AirCda	8	+⅛	$8⅛	7⅞	68457	PetCan x	11⅜		$11½	11¼
135675	AlbtaE	20¾		$21	20¾	23800	PhilEn	7⅝		$7¾	7⅝
19701	AlbNtG	15¼	–¼	$15½	15¼	832754	PlDome	31⅞	–⅜	$32⅜	31½
408604	AlcnAl	35⅞	+¾	$35⅞	35¼	31000	PowerCp	20¼	+⅛	$20¼	20⅛
2545870	AmBarr	33	+½	$33	32¾	8125	PowrFn	29½	+¼	$29½	29¼
1400	AtcoCl	14		$14	14	10800	RaynkY	17	–¼	$17¼	17
608435	Avenor	26	+¾	u$26	25¼	100	ReitmS	15⅜		$15¼	15¼
40050	BCSugA	8	–⅛	$8	7⅞	1200	Rothmn x	77		$77	77
25980	BC Tel x	24¾	–⅛	$25¼	24¾	92419	RogOll	8⅞		$9	8⅞
567127	BCE	47¼		$47½	47¼	95	ReadSt x	27½	–½	$27½	27½
27365	BCE Mb	38½		$38⅝	38½	328962	Ren En	28⅝	+⅛	$29¼	28¼
8480	BGR A	15⅞		$16	15¾	74500	Repap	6⅝		$6¾	6½
23020	Bmlawk	10⅝	+⅛	$10⅝	10½	492249	Rigel	18¾	–½	$19¼	18⅝
162278	BkMont	24½	+⅛	$24¾	24⅜	85100	RioAlg	25½		$25¾	25½
615254	BkNovS	28⅜	+⅛	$28⅝	28¼	382240	RogCmB	22⅜		$22½	22⅛
27811	BantaEx	237	+2	238	235	289124	RoyBkC	28½	+⅛	$28⅝	28⅜
80813	BmbdrB	20¾	–¼	$21¼	20¾	41000	RoyOak	6	–⅛	$6¼	6

[illegible]

MONTREAL (Sep 8 / Can $)

4 pm close

[illegible]

AFRICA

SOUTH AFRICA (Sep 8 / Rand)

[illegible]

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, September 8, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Kawasaki Steel	6.3m	422	–1	NEC	3.4m	1200	
Nippon Steel	6.2m	365	–2	Sumitomo Mtl	3.3m	319	
Mitsubishi Hvy	4.5m	776	–4	Nomura Secs	3.3m	2120	–30
Hitachi	4.4m	959	–15	NKK	2.9m	278	–1
Nissan Motor	4.2m	739		Toshiba	2.9m	735	–8

INDICES

	Sep 8	Sep 7	Sep 6	1994 High		1994 Low	
Italy							
Banca Comm Ital (1972)	665.16	658.39	652.68	817.17	10/5	588.65	10/1
MIB Generale (4/1/94)	1076.0	1064.0	1072.0	1318.00	10/5	944.80	10/1
Japan							
Nikkei 225 (16/5/49)	19917.78	20023.80	20393.98	21552.81	13/6	17369.74	4/1
Nikkei 300 (1/10/82)	288.09	289.15	293.87	311.71	13/6	258.22	4/1
Topix (4/1/68)	1582.31	1598.06	1613.15	1712.73	13/6	1445.97	4/1
2nd Section (4/1/68)	2315.28	2312.89	2358.14	2542.65	6/7	1873.38	4/1
Malaysia							
KLSE Comp.(4/4/86)	1161.17	1168.15	1172.24	1314.46	5/1	928.33	4/4

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** Sat Sep 3 : Taiwan Weighted Price 6951.25; Korea Comp Ex 947.68. Base values of all Indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours index: Sep 8 - 2178.10 +10.42

US INDICES

Dow Jones	Sep 7	Sep 6	Sep 2	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3886.25	3898.70	3885.58	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	97.98	98.18	98.18	105.61 (21/1)	96.43 (13/5)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1617.62	1624.98	1627.96	1862.29 (2/2)	1546.02 (20/4)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	182.77	183.69	184.55	227.06 (3/1)	176.71 (24/6)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3920.90 (3918.55) Low 3860.68 (3860.01) (Theoretical♦)
Day's high 3903.41 (3899.70) Low 3881.54 (3877.17) (Actual♦)

Standard and Poors	Sep 7	Sep 6	Sep 2	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	470.96	471.86	470.99	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	554.08	554.61	553.27	580.59 (2/2)	510.05 (21/4)	580.59 (2/2/94)	3.62 (21/6/32)
Financial	46.11	46.27	46.18	48.94 (14/6)	41.38 (4/4)	48.49 (25/9/93)	8.64 (1/10/74)
NYSE Comp.	259.78	260.11	259.58	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	455.32	456.00	455.54	487.89 (2/2)	422.87 (29/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	764.28	759.48	759.23	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Sep 2	Aug 26	Aug 19	Year ago
Dow Jones Ind. Div. Yield	2.83	2.84	2.73	2.80
	Sep 7	Aug 31	Aug 24	Year ago
S & P Ind. Div. yield	2.37	2.33	2.37	2.46
S & P Ind. P/E ratio	20.95	21.11	20.73	27.86

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	470.65	471.10	+0.45	471.15	470.40	74,642	144,090
Dec	473.30	473.35	+0.35	473.50	473.30	28,491	107,245
Mar	-	476.20	-	-	-	97	4,589

Open interest figures are for previous day.

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Sep	1988.0	1990.0	+18.0	1995.0	1976.0	23,796	40,444
Oct	1997.0	2000.0	+18.0	2004.5	1992.0	-	-
Dec	2016.0	2019.0	+18.0	2022.0	2012.0	4,472	10,399

Open interest figures for previous day.

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Hanson	20,768,900	19⅝	–⅛
Compaq Com	4,193,800	35⅛	+⅛
LIL Co	3,714,300	15⅝	+⅛
Amer Barri	3,537,000	23⅝	+⅛
Telefonos	3,450,500	63¾	+¾
Merck	3,374,200	34	—
Philip Morris	2,976,100	60¼	–¼
Amer Express	2,744,500	29⅝	–½
Ford Motor	2,461,500	29⅛	–⅛
Gen Motors	2,412,700	51⅞	–⅛

■ TRADING ACTIVITY

● Volume (million)	Sep 7	Sep 6	Sep 2
New York SE	290.300	201.169	213.683
Amex	16.454	12.711	13.897
NASDAQ	253.059	167.657	294.767
NYSE			
Issues Traded	2,871	2,842	2,829
Rises	1,022	983	940
Falls	1,104	1,130	1,068
Unchanged	745	749	821
New Highs	52	45	47
New Lows	26	34	26

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation.
♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close September 8

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
17⅜	12¾	AAR	0.48	3.7	21	418	13¼	d12¾	13⅛	+⅜
18⅞	12⅝	A L Labs A	0.18	1.1	38	165	15⅞	15¼	15¾	-⅛
76¼	57⅞	AMP	1.68	2.3	25	3345	73⅝	72¼	73	+⅜
72¾	52⅛	AMR			102	2221	58¾	58½	58⅝	-⅛
5	3⅛	ARX			12	181	4	3¾	3¾	-⅛
58⅛	38⅝	ASA	2.00	3.9	33	1120	51¾	50⅝	50⅞	-¾
31⅜	25⅝	AbbtL	0.76	2.5	18	12243	31	30¾	30⅞	+⅝
14½	11⅜	AbtMd Fr	0.50	3.5	10	13	14⅜	14¼	14⅜	
23⅝	17¾	ABM Ind	0.52	2.3		17	22⅝	22½	22½	-⅛
15⅛	11⅛	Acptocaln			27	150	15	14⅞	15	
31	22⅛	ACE Ltd	0.44	1.8	30	2249	24½	23	24¼	+1⅛
12½	9⅝	ACM Gvt In x	1.08	10.9		228	10	9⅞	10	
10⅛	7¼	ACM GvOpp x	0.80	10.8		172	7⅜	d7¼	7⅜	+⅛
10⅝	7½	ACM Gvt Sp x	0.96	12.8		597	7⅞	7⅝	7⅝	-⅛
12	8¾	ACM Gvt Se x	1.08	12.5		1286	9	d8¾	8¾	-⅛
11⅜	8⅜	ACM Man x	1.08	12.0		64	9	8⅞	9	+¼
9¼	8	ACM Managd x	0.72	8.9		108	8⅛	d8	8⅛	+⅛
15½	8¾	AcmeClv	0.44	3.7	14	127	12⅛	11⅞	12	
9⅞	6½	Acme Elect			7	36	9¼	9⅛	9¼	-⅛
28⅜	23	Acordia x	0.60	2.2	13	6	27¼	27¼	27¼	-⅛
13⅞	5¾	Actava	0.36	3.2	3	723	11⅝	11	11⅛	-½
15⅝	11¼	Acuson			112	742	14⅝	14	14⅝	+½
18⅛	16½	Adams Exp	0.48	2.7	0	76	17¾	17½	17⅝	+⅛
64	46½	Ad Micro x	3.00	5.2		33	57⅞	57¼	57½	+½
31¾	18¾	AdvMic	3.00	10.7	12	4793	28⅛	27½	28	+⅝
6⅞	5	Advest Grp	0.16	3.0	8	15	5⅜	5⅜	5⅜	
20	15	Advo Inc	0.10	0.6	120	108	18	17⅞	18	+⅛
59½	49⅛	Aegon ADR	1.47	2.6	12	9	57⅛	56⅞	57	-⅛
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Continued on next page

4 pm close September 8

NYSE COMPOSITE PRICES

Continued from previous page

1994 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
9⅝	5	Salant Grp			6	33	5½	5⅛	5½	+⅛
49⅞	32⅝	Sallie Mae x	1.40	3.6	7	4488	38¾	38¼	38⅝	+⅝
13⅞	11⅞	Salomon Br	0.32	2.5		329	12⅞	12⅝	12⅝	
52¾	41½	Salomon	0.64	1.5	5	1887	43⅛	42¾	43	-⅛
25	17½	SnDgGE x	1.52	8.1	10	862	19⅛	18⅝	18¾	
10	7½	SantaFeERs	0.16	1.7	9	450	9½	9⅜	9⅜	
17⅝	13½	SFeGd				5689	17⅛	16⅞	17	
40	31½	SantaFePac	2.80	8.0	16	74	35½	35	35	-½
26¾	18½	SanFeP	0.10	0.4	12	8441	22⅞	22⅛	22¼	+⅛
26	19⅝	SaraLee x	0.64	2.9	15	10207	22⅝	21¾	22⅜	+⅝
50⅛	42⅛	Scana Corp x	2.82	6.4	11	609	44¾	44⅛	44⅛	-⅜
20½	12½	Scecrp	1.00	7.5	9	4402	13⅞	13⅛	13¼	+⅛
40⅞	31¾	ScheringP			31	142	u41¼	40⅝	41⅛	+½
71⅞	54½	SchrPl	2.04	2.9	16	7122	70½	68⅞	70½	+1⅝
63	50¾	Schimb x	1.20	2.1	23	7077	57½	56⅝	57¼	+½
33⅞	23¾	Schwab(C)	0.28	1.0	13	780	28⅝	28⅛	28¼	-½
10¾	6⅛	Schweitzer			25	23	8¾	8⅝	8¾	+⅛
45	24⅞	SciAtl x	0.12	0.3	68	2318	u45	44¼	44⅜	-⅛
16⅞	13	Scotsman	0.10	0.6	15	264	16	15½	16	+½
66⅛	57¾	ScottP	0.80	1.2	17	3570	64¾	63⅞	64⅜	
26⅝	18⅝	ScuddrNAsF	0.21	0.8		74	25⅝	25½	25⅝	+⅛
12⅝	9½	ScuddrNEuF	0.16	1.5		171	10⅝	10¼	10¼	-⅛
18¼	13½	SeaCnB	0.70	4.0	8	15	17⅝	17⅛	17⅜	+⅛
16½	14⅞	SeaC1.4625 x	1.46	9.4		5	15½	15½	15½	
32⅝	26¼	Seagrm	0.60	1.9	40	3479	31⅝	31⅜	31½	+¼
29¾	22¾	Seagull En			34	2609	26	24⅞	26	+1⅛
36¼	26⅝	Sealed Air			28	381	35⅝	35½	35⅝	+⅛
55⅛	42⅛	SearsR x	1.60	3.2	7	12230	49⅝	47⅞	49⅝	+1¾
13¾	11¼	Seligm Sel	0.84	7.1		147	11⅞	11⅝	11¾	
38¼	28	Sensormat	0.22	0.6	35	1400	35⅜	34⅞	34⅞	-¼
39¾	27¼	SequaA	0.60	2.2	6	720	27⅝	27½	27½	-⅛
40¼	28	SequaB	0.50	1.5	17	5	33	33	33	
28	22½	SerlCp	0.42	1.6	21	1725	26¾	26	26⅛	
29⅞	22	Shfldr	0.92	3.5	13	308	26⅛	25⅞	26	
25	15	Shaw Ind	0.22	1.4	19	9835	17	16⅛	16¼	-⅜

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NASDAQ NATIONAL MARKET

4 pm close September 8

[illegible]

AMEX COMPOSITE PRICES

4 pm close September 8

[illegible]

AMERICA

Strong rise in 3M sets tone for upturn

Wall Street

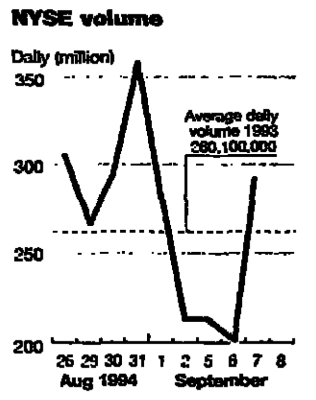
US equity investors went bargain hunting yesterday morning, lifting share prices across the board after a string of soft sessions, *writes Frank McGurty in New York*.

By 1 pm, the Dow Jones Industrial Average was 18.50 higher at 3,904.75, while the more broadly based Standard & Poor's 500 was 1.83 stronger at 472.82.

On the Big Board, advancing issues led declines by 1,217 to 701 in moderate volume of 171m shares.

In the secondary markets, the American SE composite was off 0.09 at 455.23, while the Nasdaq composite again outperformed the rest of the indices, gaining 4.73 at 769.01.

NYSE volume



The day's second-tier economic news was virtually ignored. The focus was still set squarely on today's report on August producer prices.

The market awaited the report with a mixture of resignation and quiet confidence, most investors expecting to be handed clear evidence of accelerating inflation. Analysts were forecasting an increase of about 0.5 per cent in producer prices, or about 0.3 per cent excluding the volatile food and energy sectors.

But there was also a consensus that the data would not prompt the Federal Reserve to bring forward its next monetary tightening, even if it came in stronger than expected.

After losing ground in four of the last five sessions, the market appeared to have already factored some bad inflation news into stock valuations.

As a consequence, the stage was set yesterday for investors to bid up prices in response to a firming trend in bonds and improvement by the dollar in the foreign exchange markets.

Among the blue chips, 3M set the pace with a gain of $1⅞ to $56. The stock, which had receded over the past fortnight, forged ahead after the company predicted that its earnings per share would improve by 10 per cent annually over the next three years.

In retailing, Sears gained $1 to $48⅞, while K-mart added $⅝ to $18⅛. Investors reacted favourably to the company's move to close 110 stores and cut its management ranks by 10 per cent.

In banking, Citicorp climbed $1⅛ to $44⅞ on an upgrading by Prudential Securities.

The rally in technology stocks – the biggest surprise of a rather predictable week – stretched into a second session. Texas Instruments, up $1⅝ to $77⅛, led the semiconductor sector.

On the Nasdaq, Cyrix moved ahead $1⅜ to $41¼, while Atmel was up $1⅛ at $28⅜.

Canada

Toronto rallied at midday as bank stocks recovered from their recent sell-off. Investors were also heartened by the results of an opinion poll which showed the ruling Liberals ahead of the Parti Quebecois for the first time in the Quebec election campaign.

The TSE 300 composite index rose 13.10 to 4,352.17 at noon in volume of 35.3m shares. Advances led declines by 303 to 247, with 328 issues steady.

Consumer products and financial services led rising sectors. Molson "A" shares put on C$⅝ at C$22⅝ and Seagram gained C$⅝ at C43⅛.

Rumours spur São Paulo

Brazil

São Paulo had risen by a further 3.8 per cent by midsession, spurred by rumours that a new opinion poll to be released in the afternoon would show the ruling party candidate, Mr Fernando Henrique Cardoso, maintaining his lead in the presidential race.

The Bovespa index was up 1,890 at 51,777 at 1300 local time. Brokers reported only slow foreign activity, saying that most of the impetus for the day's gains was coming from domestic buyers.

Foreigners, they added, were staying on the sidelines, waiting for new presidential election developments.

Mexico

Shares continued the rally that began late on Tuesday, after the two weeks of declines which had followed the elections on August 21. The IPC index was 19.46 higher at 2,758.38 in early trade.

The mood was set by a $⅝ rise to $64⅝ in Telmex ADRs in early Wall Street trading. In the local market, the Telmex "A" shares put on 0.9 per cent and the "L" shares traded 0.6 per cent higher.

Profits taken in gold shares

Heavy profit-taking wiped part of the gloss off gold shares as cautious investors cashed in some recent sharp gains, in spite of the stronger price of bullion. Golds lost 58, or 2.3 per cent, at 2,476 in what dealers said was heavier than expected trade as investors sold into bullion's morning strength above $391 an ounce.

Industrials ended well down as weaker overseas bourses put pressure on sentiment amid a lack of fresh impetus in a highly-priced market. The industrials index shed 39 to 6,639 and the overall index receded 46 to 6,007.

Running contrary to the rest of the market, the steel sector continued to gain ground on improved market prospects. Iscor finished 4 cents stronger at R4.89 after hitting a record R5 earlier in the session.

EUROPE

Transnational combines star as Paris gains 1%

A strong recovery in bond markets, flirting with the idea that the Bundesbank may have another interest rate cut up its sleeve, took equities up with it, *writes Our Markets Staff*.

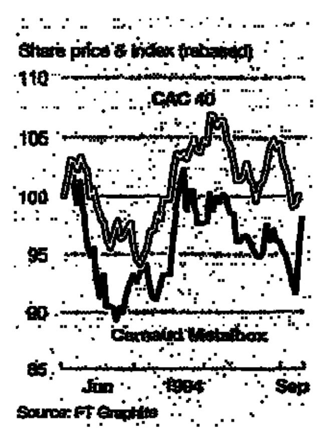
PARIS mixed its bond market impetus with a mostly positive bag of company news, and the CAC-40 index responded with a rise of 19.20 to 1,983.40 in turnover of FFr3.1bn.

One French/UK combine, the Carnaudmetalbox packaging group, provided the star turn of the day, rising FFr12.30, or 7.5 per cent, to FFr176.40 following news of better than expected first-half profits. Another, Arjo Wiggins, did well in the London market for similar reasons; in Paris this lifted Saint-Louis, which owns 39 per cent of Arjo, by FFr44 to FFr1,580.

Carrefour rose FFr35 to FFr2,131 on strong first-half results and the retailer's forecast that it could match last year's profits growth.

Company chairmen came to the fore. Among the water companies, Lyonnaise des Eaux's Mr Jerome Monod told a business conference that his company's 1994 net attributable profit would be "clearly higher" than that of 1993, and saw its shares up FFr13 to FFr528 after a period of relative weakness.

Weak spots included Peugeot, down FFr9 at FFr835 as Mr Jaques Calvet said that he was merely less pessimistic about 1994. Meanwhile, Schneider, the electricals group whose Mr Didier Pineau-Valencienne was jailed for 11 days in Belgium some three months ago, dropped 5 per cent at one point on news that a Belgian judge has issued an international arrest warrant for its chairman, before recovering to close FFr7.70 down at FFr399.50.



Source: FT Graphite

FRANKFURT reflected gains in the December bund future, with the Dax index a modest 8.55 higher at 2,172.37, improving to an Ibis-indicated 2,178.10 at the end of the post bourse.

Turnover eased from DM5.4bn to DM5.3bn. Financials and, to a lesser extent, carmakers responded most consistently to the improved bond market atmosphere.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Sep 8 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1375.71	1374.79	1376.27	1377.07	1378.19	1377.95	1378.39	1380.01
FT-SE Eurotrack 200	1426.24	1424.92	1425.80	1427.41	1428.63	1427.77	1428.81	1431.14

	Sep 7	Sep 6	Sep 5	Sep 2	Sep 1
FT-SE Eurotrack 100	1371.18	1371.03	1390.11	1401.86	1396.82
FT-SE Eurotrack 200	1429.33	1427.57	1436.12	1451.57	1450.09

Base 1000 (26/10/90); Highday: 100 - 1380.47; 200 - 1431.15 Lowday: 100 - 1374.56 200 - 1424.67 † Partial

Deutsche Bank rose DM7.80 to DM722.80 on the session, and another DM7 to DM729.80 after hours. At Merrill Lynch, Mr Ian McEwen said Deutsche had been relatively strong against the sector for the past two weeks, but that this had followed relative weakness against the sector and the market for upwards of a year.

Underperformers included Metallgesellschaft, down DM1 at DM183 on the downgrading of some of its debt ratings. However, the hope of a break even 1994 for engineering concern KHD took the latter up DM6.30 to DM128.80.

MILAN saw a technical rebound as some buyers returned after five consecutive days of losses which had taken the market 4.7 per cent lower. The Comit index finished 6.77 higher at 665.16, although the mood remained constrained by an absence of news about government action on the budget.

BCI rose L125, or 3.5 per cent, to L3,685 as its L2,400bn rights issue continued to heighten volatility.

The insurers also put in a strong performance in the wake of Wednesday's remarks by Mr Lamberto Dini, the treasury minister, who said that funds set aside for severance pay should be channelled into private pension funds.

Generali rose L550 to L41,350, Ras picked up L450 to L24,150, and Ina added L65 at L2,250.

Foreign interest helped the telecommunications stocks to rally, with Telecom Italia up L70 to L4,440 and Stet finishing L85 ahead at L4,835.

Volatility in Benetton continued with the stock losing another L450 to L22,100.

ZURICH finished little changed in thin trading after a firm opening encouraged some investors to take profits during the session. The SMI index edged up 1.6 to 2,664.1.

Ascom, the telecommunications group, rose SFr80, or 5.3 per cent, to SFr1,590 after news that the company had swung back to a first-half pre-tax net profit after last year's loss.

Saurer, the textile machinery maker, was SFr20, or 4.3 per cent, lower at SFr450 after announcing that first-half net profits plunged by 75 per cent.

Georg Fischer, the foundries and engineering group, climbed SFr50 to SFr1,700 as investors continued to react to the company's positive earnings forecast for this year.

MADRID, closed today for a public holiday, galloped ahead in late trading on strong gains in the bond market and its banking and utility sector beneficiaries.

The general index rose 6.91, or 2.3 per cent, to 305.18, with a raft of major gains among the banks from BBV, up Pta95 or just over 3 per cent to Pta3,095, to Santander, Pta265 or 5.3 per cent better at Pta9,260. Endesa led utilities with a gain of Pta180 to Pta5,530, but dealers said the market would have looked more healthy if it had shown less volatility on the downside, prior to yesterday's recovery.

AMSTERDAM saw some late foreign demand which helped the AEX index to end 0.67 higher at 415.84.

Fortis Amev, the Dutch-Belgian insurer, fell Fl 1.70 to Fl 73.00 after first-half results failed to match expectations.

Some late US demand took Unilever Fl 2.20 forward to Fl 203.00 and VNU up Fl 2.50 to Fl 192.00.

DSM, the chemicals group, put on Fl 2.90 at Fl 146 in further response to Wednesday's news that it planned a new polypropylene plant.

HELSINKI was virtually flat, the Hex index losing only 1.8 at 1,942.6, but the forestry sector fell 2.2 per cent on profit-taking on Kymmene's news that it may decide on a rights issue in November. Kymmene fell FM7, 4.8 per cent, to FM138.

ISTANBUL was rescued from a deep downtrend as the main Turkish parties agreed on a new privatisation bill. The composite index closed just 147.69 down at 24,200.29 after a fall of 7.4 per cent to a low of 147.69 at one stage of the day.

TEL AVIV came back refreshed after two day's holiday for the Jewish new year, and the Mishtanim index rose 6.29, or 3.3 per cent, to 198.48.

WARSAW rebounded strongly after five sessions of heavy losses as investors, encouraged by bargain hunting on Wednesday, stepped up buying to cash in on an expected rally next week. The Wig index rose 753.3, or 8.1 per cent, to 10,027.7 but turnover fell 39 per cent to 624bn zlotys.

Written and edited by William Cochrane and Michael Morgan

ASIA PACIFIC

Nikkei retreats as Seoul rises 1.9% to five-year high

Tokyo

Share prices declined on selling by arbitrageurs and overseas investors, and the Nikkei 225 average fell below the 20,000 level for the first time in four months, *writes Emiko Terazono in Tokyo*.

The index closed 106.02 off at the day's low of 19,917.78, ending below 20,000 for the first time since May 10. It peaked in the afternoon at 20,108.42 on buying by public pension and insurance funds, but weak investor confidence, triggered by over-supply ahead of next month's Japan Tobacco listing, depressed shares later.

Arbitrageurs adjusted positions ahead of today's settlement of futures and options contracts for September, while overseas investors were also selling around the 20,000 mark.

However, in spite of previous speculation, the telecommunications sector held firm. Japan Telecom, which dragged the wider market lower on Wednesday, rallied along with other telecom stocks.

Volume totalled 304m shares, against 312m. The Topix index of all first section stocks slipped 3.75 to 1,582.31 and the Nikkei 300 eased 1.06 to 288.09. Losers led gainers by 526 to 441, with 228 issues unchanged. But in London the ISE/Nikkei 50 index rose 4.20 to 1,288.85.

Japan Telecom, on the second section, finished Y30,000 better at Y4.46m. The stock's rebound boosted other telecom shares, with DDI firming Y9,000 to Y912,000 and Nippon Telegraph and Telephone Y3,000 to Y866,000. East Japan Railway, a leading shareholder of JT, rose Y2,000 to Y507,000.

Nitsuko, a telephone equipment manufacturer, attracted speculative buying in the morning session but later retreated on profit-taking, closing Y10 down at Y1,470.

High-technology shares were sold by foreigners. Sony declined Y50 to Y5,800 and Matsushita Electric Industrial dipped Y50 to Y1,650.

Brokers were lower on active selling, with Nomura Securities off Y30 at Y2,120 and Nikko Securities slipping Y20 to Y1,120. Some banks firmed after falling heavily on arbitrage selling on Wednesday. Industrial Bank of Japan picked up Y20 to Y2,830 and Sakura Bank Y10 to Y1,360.

In Osaka, the OSE average declined 84.10 to 22,215.52 in volume of 97.5m shares.

Roundup

The region was mixed, with strong performances in some markets.

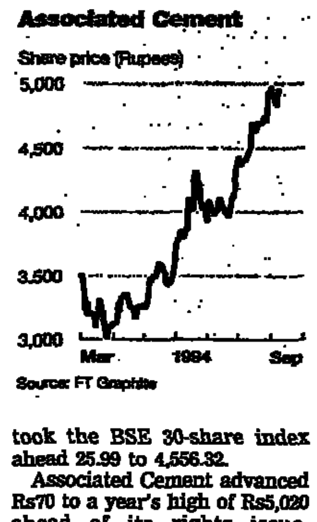
SEOUL climbed 1.9 per cent to a five-year high in active trading as gains by blue chips and large-capitalisation issues far outweighed steady sales of shares with sluggish earnings prospects.

The composite index closed 18.76 ahead at 991.44 in heavy turnover of 39.5m shares.

Samsung Electronics and Posco were the day's limit up, rising Won3,000 and Won2,500 respectively to Won139,000 and Won89,600.

BOMBAY saw heavy buying by financial institutions on the final day of the account which took the BSE 30-share index ahead 25.99 to 4,556.32.

Associated Cement



Source: FT Graphite

Associated Cement advanced Rs70 to a year's high of Rs5,020 ahead of its rights issue, details of which are to be given tomorrow.

KUALA LUMPUR rose to its best level for eight months in response to the government's decision to lift the seven-month ban on government contracts for British business.

The composite index added 18.02, or 1.6 per cent, at 1,181.17 as the market shrugged off rumours about another rise in the statutory reserve requirement of banks, which dragged share prices into negative territory from earlier gains on Wednesday.

Telekom Malaysia, which shed 80 cents the previous day, recouped 70 cents at M$22.30.

MANILA lost 1.7 per cent as blue chips were led down by PLDT, which fell sharply on Wall Street overnight.

The composite index finished 52.69 lower at 2,987.63 and PLDT dropped 3.9 per cent to 1,590 pesos. PNB lost 10 pesos at 437.50 pesos and Meralco "B", which is open to foreign investors, also receded 10 pesos to 367.50 pesos.

Petron, which made a strong debut on Wednesday, defied the slide and closed slightly higher at 22 pesos.

HONG KONG finished slightly lower after selective buying trimmed most early losses, and the Hang Seng index was off a net 14.89 at 10,150.98. The weakness was attributed to a lack of participation from major overseas institutions which had led recent rallies.

Conversely, H shares of locally listed mainland Chinese companies surged on buying by overseas funds, particularly in Japan, and the Hang Seng H-share index soared 66.12, or 4.6 per cent, to 1,516.61.

Among the blue chip losers, Hong Kong Telecom gave up 35 cents to HK$16.25, while Wharf Holdings dipped 30 cents to HK$34.50. But Sun Hung Kai Properties, expected to post strong results next month, surged HK$1.75 to HK$60.50.

SINGAPORE experienced further weakness in index-linked stocks as investors continued to focus on Malaysian shares traded over the counter, and the Straits Times Industrial index fell 22.78 to 2,304.23.

Golden Plus put on 75 cents at S$8.10 on talk of a Malaysian construction deal. Dunlop Estate gained 60 cents on expectations that it would participate in Sarawak's large dam project in Bakun through its acquisition of Sarawak Electricity Supply.

SYDNEY's mood was soured by a late sell-off in BTR Nylex, the industrial group, after results. The All Ordinaries index retreated 15.2 to 2,089.1 as BTR fell 30 cents to A$2.08.

WELLINGTON edged lower in the face of a weak bond market and domestic political worries. The NZSE 40 Capital index gave up 4.27 at 2,159.48.

Continuing strong demand took Fletcher Challenge 9 cents higher to NZ$4.37, but Brierley Investments eased 2 cents to NZ$1.33 in spite of record annual profits.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	Wed Sep 7 1994: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	Tue Sep 6 1994: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Dollar Index: 52 week High	52 week Low	Year ago (approx)
Australia (68)	178.30	0.4	170.90	111.54	143.56	159.59	0.0	3.46	177.62	169.94	110.81	142.45	159.56	189.15	139.24	144.59
Austria (17)	196.62	0.0	188.46	123.00	158.30	158.22	0.4	1.01	196.54	188.03	122.61	157.62	157.62	196.62	164.64	179.39
Belgium (37)	175.96	-0.3	168.65	110.07	141.66	138.43	0.0	3.99	176.48	168.84	110.10	141.54	138.42	177.04	143.62	151.43
Canada (104)	135.53	-0.2	129.91	84.78	109.12	134.31	-0.1	2.50	135.77	129.89	84.70	108.88	134.48	145.31	120.54	124.30
Denmark (33)	256.60	-0.9	244.39	159.90	205.78	213.10	-0.5	1.39	258.03	246.86	160.97	206.93	214.20	275.79	223.94	232.42
Finland (24)	178.37	-0.1	170.98	111.58	143.60	188.43	0.2	0.74	178.48	170.76	111.35	143.14	188.01	179.30	104.28	108.01
France (97)	172.51	-0.3	165.35	107.92	138.89	143.68	0.1	3.08	173.09	165.60	107.98	138.81	143.58	185.37	159.34	169.50
Germany (58)	148.13	-0.4	141.98	92.67	119.26	119.26	0.0	1.73	148.77	142.33	92.81	119.31	119.31	149.54	124.39	127.39
Hong Kong (50)	415.53	1.4	398.29	259.95	334.55	412.26	1.4	2.97	409.79	392.06	255.66	328.65	406.56	506.56	292.08	298.35
Ireland (14)	214.88	-0.8	205.96	134.42	173.00	198.38	-0.4	3.20	216.60	207.22	135.13	173.71	199.20	218.60	161.54	172.34
Italy (59)	79.91	-1.4	76.60	48.93	64.26	94.04	-0.7	1.65	80.91	77.41	50.48	64.89	94.75	97.78	57.88	75.44
Japan (469)	159.95	-2.0	153.31	100.06	128.78	100.06	-1.7	0.77	163.18	156.12	101.80	130.87	101.80	170.10	124.54	161.46
Malaysia (97)	569.95	-0.2	546.30	356.55	458.88	560.69	-0.2	1.48	571.15	546.43	356.32	458.06	561.62	621.63	392.03	410.47
Mexico (18)	2247.53	1.3	2154.23	1405.99	1809.48	8351.24	1.3	1.60	2219.08	2123.01	1384.40	1779.64	8240.66	2647.06	1615.11	1758.01
Netherland (27)	217.75	-0.1	208.72	136.22	175.32	172.58	0.3	3.32	217.89	208.45	135.93	174.74	172.14	218.19	180.25	186.58
New Zealand (14)	75.34	-0.3	72.22	47.13	60.66	65.95	-0.8	3.62	75.60	72.33	47.16	60.63	66.50	77.59	59.22	61.19
Norway (23)	207.74	0.0	199.11	129.95	167.25	192.11	0.4	1.72	207.73	198.74	129.60	166.60	191.27	211.74	165.62	175.84
Singapore (44)	368.42	-0.3	353.13	230.47	296.62	254.65	-0.3	1.66	369.59	353.60	230.58	296.41	255.44	378.92	265.31	290.53
South Africa (59)	314.24	0.9	301.19	196.58	252.99	310.27	0.8	2.04	311.47	297.98	194.31	249.79	307.71	314.24	175.93	183.41
Spain (42)	138.33	0.8	132.59	86.54	111.37	135.34	1.3	4.26	137.22	131.28	85.61	110.05	133.66	155.79	128.88	140.45
Sweden (36)	223.04	0.7	213.79	139.53	179.58	251.76	0.7	1.58	221.61	212.02	138.26	177.73	250.11	231.35	175.83	190.20
Switzerland (47)	167.94	0.2	160.96	105.06	135.20	134.89	0.3	1.80	167.65	160.40	104.59	134.45	134.41	178.58	136.70	137.18
United Kingdom (204)	202.26	-0.3	193.86	126.53	162.84	193.88	-0.1	3.91	202.79	194.01	126.51	162.63	194.01	214.96	181.11	191.03
USA (517)	192.15	-0.2	184.17	120.20	154.70	192.15	-0.2	2.82	192.49	184.16	120.09	154.37	192.49	196.04	178.55	187.43
EUROPE (718)	174.56	-0.2	167.31	109.20	140.54	155.94	0.1	2.98	174.96	167.40	109.16	140.33	155.86	178.58	153.98	158.95
Nordic (116)	218.98	0.1	209.89	136.99	176.30	210.88	0.3	1.40	218.72	209.25	136.45	175.41	210.26	222.03	173.18	180.09
Pacific Basin (748)	170.64	-1.6	163.56	106.75	137.38	111.63	-1.4	1.08	173.37	165.87	108.16	139.04	113.18	176.86	134.79	165.44
Euro-Pacific (1466)	172.17	-1.0	165.02	107.70	138.61	129.17	-0.8	1.89	173.92	166.39	108.50	139.48	130.17	175.14	143.86	162.66
North America (621)	188.63	-0.2	180.80	118.00	151.87	188.16	-0.2	2.81	188.97	180.79	117.88	151.55	188.49	192.73	175.67	183.52
Europe Ex. UK (514)	155.93	-0.2	149.46	97.55	125.54	133.91	0.1	2.42	156.29	149.52	97.50	125.34	133.74	158.12	134.97	138.73
Pacific Ex. Japan (279)	273.13	0.5	261.80	170.87	219.90	242.85	0.4	2.67	271.67	259.91	169.49	217.88	241.80	298.21	200.13	204.67
World Ex. US (1647)	173.91	-0.9	166.69	108.79	140.01	133.07	-0.7	1.91	175.53	167.93	109.51	140.77	134.00	178.65	145.56	162.55
World Ex. UK (1960)	176.66	-0.7	169.32	110.51	142.23	147.16	-0.6	2.05	177.91	170.21	110.99	142.68	147.88	178.59	155.96	167.77
World Ex. So. Af. (2105)	178.06	-0.7	170.67	111.39	143.35	150.17	-0.5	2.23	179.28	171.52	111.84	143.78	150.97	180.03	158.54	169.86
World Ex. Japan (1695)	190.97	-0.1	183.05	119.47	153.75	181.73	0.0	2.83	191.18	182.90	119.27	153.32	181.75	195.20	174.04	176.36
The World Index (2164)	178.92	-0.7	171.49	111.93	144.05	151.38	-0.5	2.23	180.11	172.31	112.36	144.44	152.11	180.80	158.85	169.82

RECRUITMENT

JOBS: Trade unions seek clarification of the motives behind HRM practices

Drawing a line in the Blackpool sands

The sometimes uneasy relationship between trade unions and personnel managers took a more hostile turn at this week's Trades Union Congress in Blackpool as Britain's most famous seaside resort became the backdrop for a showdown between the TUC and Human Resource Management.

The trade union movement, like a gunslinger who has long since put away his sidearms, has been watching the antics of Britain's HRM hot shots through half-closed eyes, wondering how it should handle them. A new TUC report on HRM has demonstrated that the TUC is far from being as out of touch as some employers may have believed.

Delegate after delegate mounted the podium at the opening day of conference and declared they had just about had enough of HRM. They weren't scared of it anymore and they weren't fooled by it either.

The main problem seems to be trade union suspicion of the motives behind HRM practices. According to the TUC report, HRM is a "slippery concept which means different things to different people". Although the report conceded there was good and bad HRM, there were few such concessions on the conference floor.

HRM initiatives appeared more frequently in unionised rather than non-unionised workplaces, the report says. "There is no correlation between anti-unionism and the incidence of HRM. Indeed the more anti-union the employer, the less likely it is that HRM techniques are being employed."

Where trust appears to have

The TUC says HRM is a 'slippery concept which means different things to different people'

broken down is over the use of HRM ideas to replace collective bargaining. Mr John Monks, the TUC general secretary, has accused hostile employees of using the language of HRM as a smokescreen for anti-union strategy.

What is still not clear is just how many companies see advantages in collective bargaining and how many see it as an impediment. The TUC's report notes that 44 of the FT top 50 UK companies recognised trade unions for collective bargaining purposes. Such companies, it says, saw the need for a comprehensive strategy that may include many of the "badges of HRM". "In part this may be because they have to respond to international competitive pressure, but it can be no coincidence that these companies also recognise unions," says the TUC report.

The trade unions should beware of rooting out conspiracies in every HRM initiative. Neither should they assume that managements always know what they are doing. There appears to be increasing evidence that some HRM techniques have been introduced as ill-thought out panaceas that are beginning to rebound on managements.

Delayering is a case in point. We had just become familiar with this term for cutting out layers of mangement when out popped a piece of research from Roffey Park Management Institute this week reporting a high degree of cynicism among middle and junior management about its use.

The majority of some 200 managers surveyed for the report dismissed delayering as nothing more than a cost-cutting exercise dressed up as an efficiency tool.

Many employees in companies with delayered managements, the research found, reported low morale and were cynical about the reason for its introduction. They would have welcome allies at the TUC. The managers tended to be dismissive about the idea that it speeds up decision-making and helps companies become more responsive to customers.

Whole rafts of managers agreed with such arguments against delayering, says Roffey Park. Junior managers, it found, were particularly hostile.

Linda Holbeche, the Roffey Park assistant director who has been carrying out the study, found some organisations so disenchanted with the practice that they were quietly reversing the trend. One organisation, she found, was relayering by stealth, promoting certain individuals on the quiet so as not to be seen that they were introducing a new tier.

Such an approach, she observes, appeared to conflict with company values about treating people with honesty and integrity. Flattening the structure, she notes, is only part of the method of changing the way an organisation operates. In reality, she argues, "few companies have found ways of working more flexibly".

How many times recently have we heard this observation about ideas such as empowerment and profit-related pay? It seems that first there is the guru – usually in the US – then there is the guru's lecture or book, or both. After this we have the disciples who charge large consultancy fees for explaining what their mentor is saying.

Next in the cycle come the companies whose executives are shepherded into the new management fold, often by some bright management spark in a hurry. As the Inland Revenue Staff Federation observed in guidelines to members on delayering, "managers responsible for delayering experiments are generally ready to delayer any grade but their own". Finally there is the pay-off: in the case of delayering it is a swift impact on the bottom line.

The problem here is that where these principles are applied in isolation or without adaption to suit the needs of the company and its business environment, they can risk being rejected as readily as a body can react to a transfusion of the wrong type of blood. It is not surprising therefore that there seems to have been a flurry of recent reports questioning some of the most popular HRM ideas.

British Telecom is one of the companies which has gradually introduced a host of new initiatives on the back of business re-engineering over the past 10 years or so. Some ideas such as "Living our values, saying thank you", or LOVSTY, seem innocuous enough. In this case it allows the payment of gift tokens for a good deed or job well done.

Some, however, appear to be

Blackpool may have injected some welcome points into the HRM debate

hindering work rather than easing it. According to one employee, "you can spend all your time carrying out quality checks or attending staff meetings about one thing or another. It has become a self-perpetuating industry." The company is now addressing the problem by taking a fresh look at the way it runs its business.

Trade union criticism of HRM needs to be tempered because there are companies which are effectively using combinations or components of many of these principles. These are the companies which can tell the difference between usefulness and fashion.

The Rover Group management, for example, was initially sceptical of Japanese working practices when it first formed ties with Honda in the 1980s. What helped change managers' minds was seeing how practices were adapted in a US Honda factory. The result was a "new deal" with unions and the introduction of a series of HRM ideas that have so far proved successful. Not every idea, however, has been wholly welcomed.

Far from being a scene of bloodshed, Blackpool may have injected some welcome points into the HRM debate. If the trade unions can encourage some greater caution about its use, their contribution should be welcomed; and if it hastens the consignment of the most ineffective of management fads to Boot Hill cemetery, the sooner the better.

Richard Donkin

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Aged between 28-32 with at least two years meaningful UK fund management experience, you will be skilled in analysis and fundamental research, and be able to demonstrate knowledge and experience of quantitative techniques. Educated to degree standard, you will also possess good presentation skills.

In return, we offer excellent career prospects, wide ranging responsibility, and the scope to exercise your abilities. In addition to a highly competitive salary, we provide the full range of benefits you would expect from a successful financial services company.

Please reply in writing, giving brief but comprehensive details to Mr C J Jackson, Director-Corporate Services, Murray Johnstone Limited, 7 West Nile Street, Glasgow G1 2PX.

MURRAY JOHNSTONE

A member of IMRO.

Develop your Japanese Strategy

The business opportunities within the 125 million strong Japanese consumer market and with Japanese companies are immense. Yet to exploit them fully Europeans need to understand the Japanese way of life and business practices. To this end, the European Commission and the Japanese Government have developed and fund special training programs for large, medium and small sized companies from industry, trade or service sectors throughout the European Union. For participation in these senior management training courses they are now looking for:

Senior Managers for Japan

Top-Level Management Courses

The next two training programs in Tokyo (HRTP 16 and 17) will commence in January and August 1995 and last 11 resp. 16 weeks. They will include training in Japanese language, business strategy, finance, consumer behaviour and distribution channels as well as specialist options such as robotics, quality control, R & D and value engineering. The training programs provide participants with a cost effective opportunity to enhance their skills within the most sophisticated market place – Japan.

Candidates must be nationals of an EU member state and have a good command of English. They should be at least 35 years of age and must be sponsored by their employer. The training program, tuition and teaching materials as well as field trips are free to participants. Only travel costs and living expenses are to be paid by the sponsoring company, participants from companies up to 500 employees may be eligible for scholarships.

For further information, interested companies or senior managers should contact Mr. A. Reimer or Mr. D. Krausse of PMM Management Consultants GmbH, Olof-Palme-Str. 31, D-60439 Frankfurt/Germany, Phone: + + 49/69/58096-0.

PMM **Management Consultants GmbH**

INSTITUTIONAL SALES

Formed only three years ago, Hong Kong based Regent Pacific Group has established a reputation as one of the fastest growing investment managers in its sector, with currently over US $2 billion under management. An Asian equities specialist, the company benefits from the continuous growth of the Asia Pacific markets.

Regent is seeking a high calibre individual to join the London based sales and marketing team to service and expand the European client base. Regent's outstanding performance record has gained recognition among major institutional investors and there is substantial potential for growth in both the UK and continental European markets.

The individual we are looking for must be:
- A graduate with a minimum of 2 years' institutional sales experience in the financial services sector;
- Mature, self motivated, resourceful, organised and achievement oriented;
- A team player keen to grow with the Company;
- Possess excellent inter-personal and presentation skills;
- Computer literature - knowledge of 'Excel';
- Knowledge of French and/or German an advantage;

Attractive remuneration package.

Please send a CV with photograph and details of current remuneration by post to:

Sophia Shaw,
Sales & Marketing Director,
Regent Pacific Group Ltd,
Aldermary House,
10-15 Queen Street,
London EC4N 1TX

REGENT PACIFIC GROUP

The Royal Bank of Scotland
WHERE PEOPLE MATTER

BANKING SYNDICATIONS SPECIALISTS

OPPORTUNITY TO BUILD A NEW BUSINESS

LONDON — **COMPETITIVE PACKAGES**

Well established as one of the leading UK banks and providing a range of quality banking services to its corporate and institutional customers, The Royal Bank of Scotland has created a new division to develop the Bank's capability in Syndications, Project Finance and other forms of structured finance. Having appointed a new Head of Syndications, the Bank is seeking to fill two positions externally, which represents a unique opportunity to be part of a team building a new business.

SENIOR MANAGER

- Responsible for managing all aspects of arrangement and lead management roles for syndicated loan transactions, including structuring, pricing and negotiation.
- Strong emphasis on marketing and developing good relationships both internally and externally.
- Aged early/mid 30's with 4-5 years experience of syndications, including origination/business development. (Ref:790)

MANAGER

- Key focus will be on distribution of syndicated loans and placement of loan participations and asset sales.
- Develop relationships with market counterparties and take responsibility for inward invitations to syndicated transactions.
- Aged late 20's/early 30's, computer literate and 2-3 years experience in syndications and asset sales. (Ref:791)

Both positions require experience across a broad range of transactions, sound credit training and a good understanding of documentation. Personal qualities required include a high level of energy, excellent interpersonal skills, a team approach and potential for progression.

Please apply in writing quoting the relevant reference number
with full career and salary details to:
James Roberts
Whitehead Selection Limited
43 Welbeck Street, London W1M 7HF
Tel: 071 637 8736

Whitehead SELECTION
A Whitehead Mann Group PLC company

Challenging business development roles for Unit Trust Managers

This is an opportunity to make your mark with Europe's largest mutual life assurance company in a fast-developing area of business.

Standard Life's commitment to quality, to investing in people and to ensuring customer satisfaction have all contributed to healthy growth throughout the recession. We're relaunching our retail unit trust business with enhanced levels of service and performance and are now looking for experienced business development professionals to promote sales of collective investment products through both Independent Financial Advisers and our direct sales force.

Business Development Manager

This is a strategic role concerned with building a strong position for Standard Life in this highly competitive marketplace. Responsible for recruiting, managing and developing a team of up to six Regional Development Managers, you will also deal with some key accounts in person. Primary responsibilities include strategic planning, forecasting and target setting.

This role requires both vision and the practical sales management skills to ensure it is achieved. A top-notch unit trust sales professional with at least five years' experience, you'll have already demonstrated your potential for strategic thinking. An in-depth knowledge of the unit trust market and an excellent understanding of fund management strategies will be matched by considerable personal presence, determination, drive and a strong customer focus.

This role will ideally be based in Edinburgh but, as extensive travel will be involved, could be operated successfully from any part of the UK. Ref: 1074/FT.

Regional Development Managers

South of England & North of England

Working out in the field, you will provide expert advice to the sales force on the unit trust marketplace, new product developments and work with IFA Account Managers/Consultants to develop potential business sources. This will involve participation in sales meetings, branch meetings and training sessions where specific investment expertise is required as well as calls on IFAs.

You should have at least two years' experience of unit trust sales. Bright, personable and with excellent liaison skills, you'll be quick to assimilate new information and able to communicate it to customers and the sales force in a persuasive way. Ref: 1075/FT.

We offer competitive salaries along with benefits which include a house purchase loan scheme, private medical cover, company car and non-contributory pension.

To apply, please write with full career and salary details, quoting the appropriate reference number, to: Claire Campbell, Recruitment Officer, Standard Life Assurance Company, 40-42 George Street, Edinburgh EH2 2LE.

Closing date for receipt of applications is 21 September 1994.

INVESTOR IN PEOPLE

STANDARD LIFE

INVESTMENT MANAGEMENT

FIXED INTEREST — **CITY BASED**

The Equitable Life is one of the country's most successful Life Assurance and Pensions offices with investment funds in excess of £11bn.

We are looking for an individual to join a small team, managing a fixed interest portfolio.

With 2-3 years' experience of fund management behind you, you should have a good degree in a numerate discipline as well as finely tuned communication skills.

In addition to prospects for career development, you can look forward to an attractive salary and excellent benefits.

Apply in writing with a CV to: Susan Castagnini, Staff Recruitment & Development, The Equitable Life Assurance Society, Walton Street, Aylesbury, Bucks HP21 7QW.

The Equitable Life

Head of Sales and Marketing
Fund Management

Our client, a major City based asset management firm, is seeking an individual of outstanding and proven calibre to take charge of the sales, marketing and client services function for its segregated and pooled managed pension funds business. The company has a large and secure asset base plus a network of overseas associate companies and considers its segregated fund area to have considerable growth potential. Over the last few years it has built up an impressive investment management team and has established an excellent record of performance in several specialist areas. It now aims to promote its pre-eminence in these specialist areas, both in the UK and internationally.

The person selected to lead this important activity is likely to be aged 35-50 and will have already gained substantial experience in the marketing of institutional fund management services. He or she must have a good understanding of the potential client market and the appropriate methods of approach in the UK and overseas.

If you believe you have the managerial presence, communication skill and requisite expertise to qualify for consideration for this senior level appointment, please write in complete confidence to:

I M R Recruitment Consultants, No.1 Northumberland Avenue, Trafalgar Square, London WC2N 5BW (tel. 071 872 5447).

I M R

INVESTMENT MANAGEMENT RESOURCES

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For further information please call:

Gareth Jones on +44 71 873 3779

Andrew Skarzynski on +44 71 873 4054

Philip Wrigley on +44 71 873 3351

Joanne Gerrard on +44 71 873 4153

Brian O'Neill on +44 71 873 4027

Rachel Hicks on +44 71 873 4798

DEPUTY GENERAL MANAGER
TREASURY

Geneva Based — **Fully Competitive Package**

Our client is a progressive Swiss Investment Group. As part of their ongoing development strategy they have an immediate requirement for a highly skilled professional to assume overall responsibility for their active treasury division.

The prime responsibility of the role is the "hands on" management of a small but profitable team which trades a wide range of traditional and derivative products in forex, money market and capital markets. Familiarity with the latest treasury techniques and instruments is essential to the role as is a proven ability to operate within a team environment. The successful candidate must be able personally to evidence a profitable track record achieved within an active and established trading operation.

The comprehensive remuneration package will reflect the importance placed on this key position. If you are interested in this challenging opportunity, please send your curriculum vitae in complete confidence to **Walter Brown** or **Philip Wright** or call for an initial discussion.

7 BIRCHIN LANE
LONDON EC3V 9BY

Devonshire Executive Ltd

Tel: 071-895 8050
Fax: 071-626 2092

International Financial Recruitment Consultants — A Member of The Devonshire Group Plc

FMS
FINANCIAL SEARCH & SELECTION SPECIALISTS

PROJECT FINANCE EXECUTIVE
Challenging Role in Growth Environment

CENTRAL LONDON

COMPETITIVE SALARY

Our client, a successful and profitable FTSE top 100 UK plc, is continuing its International expansion via joint ventures, capital investment and acquisitions overseas.

As a result of this continued growth, there is a need to strengthen further the Project Finance Team under the Project Finance Manager.

Working as a key member of this small flexible team, you will be involved in all aspects of financing overseas projects from the early stages through to completion. Specific responsibilities will include provision of advice on and co-ordination of the development, arrangement and negotiation of debt facilities on behalf of the Company.

Suitable candidates are likely to be graduates aged between 25 and 35, who ideally have direct experience in project finance. Strong analytical and spreadsheet skills are required and a background in banking would be an advantage.

Excellent communication and presentation skills combined with a confident and credible manner, will be necessary to handle the many inter-relationships at senior level both internal and external to the organisation.

Although London based a proportion of time will be spent travelling to overseas locations, often at short notice.

Individuals who feel they have the skills and experience to rise to the challenge of this role should send a copy of their CV, together with a note of current salary, to Shirley Knight at FMS, 5 Bream's Buildings, Chancery Lane, London, EC4A 1DY or call her on 071-405 4161.

A MEMBER OF THE PSD GROUP

Executive Search
Head of Research

Odgers has long been a major player in executive search, working in a wide variety of business sectors, across all management functions at board and partner level. We have a highly professional Consultancy team and a well established research department, supported by an exceptionally developed data and assignment management system.

The firm is a member of Leaders-Trust Odgers Group, with offices in London, Paris, Munich, Geneva and Zurich.

It now wishes to appoint a Head of Research due to the internal promotion of the present incumbent. Reporting to the Chairman, you will manage the research department and its resources. As an active member of the research team you will develop the function, providing the practice and our clients with a professional service at the forefront of research techniques.

You will be an experienced researcher, possibly heading up a research department within executive search or a related field, ideally with proven management skills. With a good first degree, you will have an analytical and creative approach. Familiarity with current IT developments and a European language is preferred.

This is an opportunity to join an expanding consultancy with a strong FTSE 100 client base and an international network, well placed to achieve a commanding market position in the 1990's.

Please write to Ian Odgers, Chairman. All approaches will be treated in the strictest confidence.

Odgers
Executive Search Consultants
Odgers and Company Limited
7 Curzon Street, London W1Y 7FL.

RELATIONSHIP MANAGER NORTHERN EUROPE
to £40/45,000

As part of its continued commitment to the European corporate market place in general our client, a major international bank, seeks to identify an experienced corporate banker to develop relationships with Nordic based corporate clients. The successful candidate will have sound marketing/client development experience and will be familiar with handling major corporate clients from this region. Age late 20's to mid 30's.

CORPORATE FINANCE EXECUTIVES
Mid £20's

This is an excellent opportunity for two young, bright graduate bankers to join the highly regarded corporate finance division of this prestigious merchant bank. Candidates will have gained a good honours degree from a leading university and will be able to demonstrate first class analytical and report writing skills. Preference will be given to those candidates with an exposure to the food, drink or transportation sectors.

PROJECT FINANCE ADVISOR
£40/50,000 AAE

As a result of its continual success in winning Project Finance mandates, this leading financial institution now seeks to further strengthen its highly regarded project advisory team. This role would ideally suit a graduate banker who wishes to continue his/her career development and gain fuller responsibility for originating and undertaking fee based business. Applicants should be aged 27-37 and have gained at least 3-5 years project finance experience, either in a lending or advisory role, with a bank active in the project finance market.

CREDIT ANALYST
£30/40,000

Due to internal restructuring a position has been created for an additional credit analyst within the dedicated credit team of this city based bank. The unit provides indepth credit reports across a wide area for new and on-going business in the UK corporate sector. Applicants should ideally be aged 25-37, have received formal credit training and be familiar with credit issues across a wide range of products.

CORPORATE BANKER
£35/45,000 + Neg

Our client, an established and highly regarded provider of services and solutions to clients needs in the UK corporate banking market, now seeks an experienced relationship officer. The key areas of responsibility will be to develop, maintain and enhance relationships with UK corporate clients. Candidates should be aged 25-37, have strong credit skills and a successful track record in marketing a broad range of banking products to UK corporates.

ASSET BASED FINANCE
£60,000

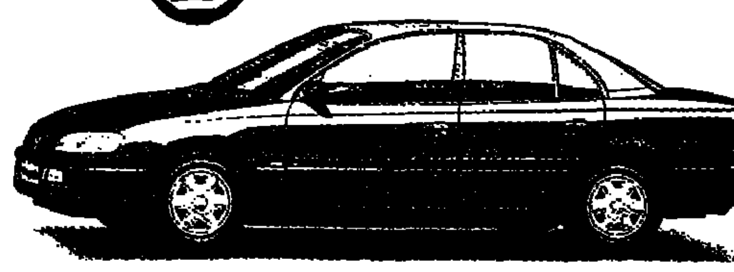
In response to a general upturn in its clients business activities this prestigious UK banking group seeks to recruit a creative asset based financier to join its highly regarded asset finance division. This newly created role will suit an appropriately experienced graduate aged late 20's early 30's, who will take responsibility for tailoring and marketing structured tax based asset finance products to UK based clients.

Please contact Sean Carr or Richard Lyons
Carr Lyons Search and Selection Ltd
Astral House, 125-129 Middlesex Street
London E1 7JF
Tel: 071-623 9493 Fax: 071-626 1263

Williams Wingfield
Executive

Carr-Lyons Search & Selection Limited trading as Williams Wingfield Executive

VAUXHALL



MBAs/Post-Graduates

Financial Analysis

Vauxhall Motors Pension Fund

Luton, Beds **c £40,000 + Two Cars**

Vauxhall Motors Ltd is the major UK subsidiary of General Motors, the world's largest company. General Motors has increased its market share and is now the most profitable car company in Europe with a competitive product line, enhanced by the recent arrival of the Omega.

They are now seeking a high calibre analyst who desires a challenging opportunity which may ultimately lead to a senior financial management position. Reporting to the Treasurer, the individual will review the performance of the fund as well as the performance of a number of external investment managers who manage the £850 million portfolio of diverse assets in the company's pension fund. There will be a wide range of responsibilities including providing input into the asset allocation process as well as reviewing investment products and external advisers.

The successful candidate can expect to progress rapidly within the organisation either within the pension fund management function worldwide or within the wider financial management division.

Candidates should be dynamic and ambitious individuals with an MBA or post-graduate degree and several years of post-graduate experience. A sound understanding of economics and at least a theoretical understanding of markets is required. Individuals should have demonstrated initiative and excellence in their current position and be eager to advance in the organisation which may lead to a geographical move within Europe or globally. A rigorous analytical approach combined with excellent interpersonal skills is essential. Prior experience of investment analysis/fund management is desirable but not essential.

For an initial discussion, please contact **Paul Wilson** on **071 831 2000** or alternatively write to them at **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Fax 071 405 9649.**

Michael Page City
International Recruitment Consultants
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Capital Markets

Marketing: Germany and Austria

Excellent Salary & Benefits Package **EC4**

Nikko Europe is the wholly owned subsidiary and European headquarters of Nikko Securities, one of the world's leading investment banking groups. The firm provides a global service in the underwriting, sales and trading of multicurrency bonds, international equities and derivatives. In the Euromarkets, Nikko Europe has lead managed issues totalling more than US$8bn equivalent, so far in 1994.

A marketing professional is sought to lead Nikko's capital markets origination in Germany and Austria. Full responsibility will be given for managing Nikko's existing relationships and for the origination of international debt and equity transactions on behalf of German and Austrian issuers.

The successful candidate should have at least three years' relevant experience in a capital markets environment. Fluency in German is essential.

Please send full CV to Alastair Wood, Nikko Europe Plc, 55 Victoria Street, London SW1H 0EU or telephone 071-222 3583 (0635-37619 evenings/weekends). Fax: 071-222 1492.

Nikko Europe Plc

Compliance Manager

Global Securities House

Our client is a leading Global Securities House with an impressive client base which includes institutional investors, major corporations, governments and their agencies. They are involved in a broad range of activities including the origination, sales and trading of Fixed Income, Equity, Derivative and Treasury products; M&A, Corporate Finance and Asset Management. They seek to appoint a Compliance Manager to the existing team.

The Compliance department is an integral part of the business. The new appointee will be expected to manage and provide an advisory, monitoring and liaison service to business areas. The role also includes maintenance of close links with the regulatory bodies, research and investigatory work on technical issues, ongoing surveillance of the business and providing support to the head of the department.

Applicants should be of graduate calibre preferably with a professional qualification such as the Securities Institute Diploma. They should have significant hands-on compliance experience particularly with a good working knowledge of SFA and London Stock Exchange rules and regulations. Experience of IMRO rules would be an advantage.

As important, however, are personal qualities including confidence, diplomacy, presence and initiative. First rate written and oral communication, presentation and PC skills are essential as is the ability to work under pressure.

Interested applicants should contact **Anna Williams** on **071 831 2000** or write to her at **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH** or fax a copy of your curriculum vitae on **071 405 9649.**

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Hong Kong Sydney

Compliance Analyst

An excellent opportunity for a young person with City experience to significantly progress their career

Our client, a leading U.S. investment bank with a global presence, is now seeking to recruit a Compliance Analyst to join its Equity Compliance team. The firm is at the forefront of financial innovation and has a worldwide reputation in the equities market and their related derivatives.

The successful candidate will report to the Equity Compliance Manager and will primarily assist the Equity Division in compliance with UK and European legislation, SFA and exchange rules and applicable EC and overseas legal requirements. The Equities business comprises sales, trading and new issue activity across a wide range of products including cash, derivatives, convertibles and warrants, for a range of clients including private client business. The Analyst will have the benefit of the full support of a well established Compliance Department.

The position will be particularly attractive to individuals of graduate calibre, possibly with a professional qualification. Candidates should have experience in a banking or securities trading environment. A general knowledge of the City and in particular, SFA regulation would be useful as well as a grasp of compliance issues.

Personal qualities include the strength of character and flexibility required to deal with a demanding environment, combined with a proactive and enthusiastic attitude. Excellent communication skills are essential.

Interested applicants should contact **Anna Williams** on **071 831 2000** or write to her including a full curriculum vitae at **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.**

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Dusseldorf Frankfurt Hong Kong Sydney

Eurobond Sales

London **£ Excellent**

Our client is a leading international banking group with an enviable reputation for excellence. A committment to the development of its presence in the European fixed income markets has created an opportunity for a Eurobond specialist to join a successful and entrepreneurial sales desk.

The successful candidate will have a solid grounding in the European fixed income markets with at least 2 years Eurobond Sales experience. A proven track record in sales with an existing client base or the ability to develop one are essential. Fluency in another European language would be a distinct advantage.

This is an ideal opportunity for an individual who wishes to join an expanding team which is committed to sustainable growth.

The successful candidate is likely to demonstrate entrepreneurial flair and a high level of professionalism combined with a good level of market knowledge.

Interested candidates should phone **Gavin Starling** or **Paul Wilson** on **071 831 2000** or write to them enclosing a detailed curriculum vitae at **Michael Page City, Page House, 39-41 Parker Street, London, WC2B 5LH,** quoting reference **195993.** All applications will be treated in strictest confidence. Fax 071 405 9649.

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

Schroders

European Equity Analyst

The Continental European team of Schroder Investment Management is looking for a European Equity Analyst to join its team of 15 European investment analysts and portfolio managers. The jobholder's ability to interpret accounts and analyse company performance will play a key part in maintaining the team's successful investment strategy for clients investing in European stockmarkets. Travel in Europe visiting companies within an assigned industry sector is an essential feature of this process.

You should have an MBA or post-graduate qualification in economics or business-related subjects. In addition to being computer literate you will be sufficiently fluent in one or two European languages besides English to conduct business meetings. You will enjoy the intellectual challenge of analysis and forecasting but, above all, will derive satisfaction from achieving results within a commercial environment. Success here requires you to be highly articulate with good presentation and negotiation skills to influence colleagues, clients and marketplace counterparts.

You are likely to be in your late twenties or early thirties with some previous business or professional experience and will have the acumen and drive to learn quickly and take early responsibility.

The compensation package includes a competitive salary plus full banking benefits package. Career prospects within the Schroder Group are excellent.

Applications in writing, with full curriculum vitae, should be sent to: Mr W G Lewis, Assistant Director, Schroders plc, 120 Cheapside, London EC2V 6DS.

Investment Analyst

NEWTON Competitive Salary + Benefits Leeds

Newton is an independent investment house with £5.2 billion of assets under management. The Leeds office manages institutional funds, pension funds, private clients and unit trusts.

Due to continued expansion Newton are seeking to appoint an analyst who will work closely with the fund managers on a wide number of sectors. He/she would need to liaise with the specialist analysts in London and also be involved in fund administration.

The ideal candidate should be a graduate with either a minimum of two years analytical experience in an investment environment or a professional accountancy qualification with an interest in the financial markets. The successful candidate should be mid to late 20's seeking to further their career within a growing organisation.

For a confidential discussion please contact Patrick Morrissey. Telephone: 071-236 2400, Fax: 071-236 0316 or apply in writing to Sheffield-Haworth Limited, Prince Rupert House, 64 Queen Street, London EC4R 1AD.

SHEFFIELD-HAWORTH
Consultants in Search and Selection

Russell

Institutional Sales Executive

Prestigious International Investment Firm

The Frank Russell Company is one of the world's most highly respected and influential investment consultancy firms providing leading-edge investment expertise to a world-wide institutional client base. For over 25 years it has provided independent advice and a global perspective and today advises clients on assets exceeding US$500billion.

Frank Russell Company Ltd, a UK subsidiary, providing strategic pension fund consultancy and fund management services, now requires an additional high-calibre Sales Executive to join a growing sales team in London.

You will promote a range of new multi-manager asset management products to UK pension funds, at a senior level, to develop and introduce new business.

A graduate, aged 28-35, you have a minimum of a 2.1 degree in finance, at least three years institutional sales experience and have spent eight years with a merchant bank or major investment house.

Great emphasis will be placed on presentational skills, both written and oral, and a clear track record of success in developing client business will need to be demonstrated.

The role offers significant scope for self-development and the chance to participate in the future on an international level. You will receive competitive remuneration incorporating a commission and benefits package.

In complete confidence, please write with CV to:
Simon Thompson, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA.

Simpson Crowden
CONSULTANTS

HEAD OF ANALYTICS

APPLYING LEADING EDGE TOOLS TO ADVANCED FINANCIAL ENGINEERING

City **Excellent Compensation Package**

Our client enjoys an unrivalled position in the world of global investment banking. Theirs is a name synonymous with quality, integrity, innovation and success. Nowhere is this sense of continuous improvement and development more appropriate than throughout its analytics team. Working within the systems development and closely with quantitative research groups, the analytics group provides creative solutions which incorporate advanced mathematical modelling techniques, delivering key business benefits to our SWAPS and SWAPS derivatives business.

They now seek to appoint an individual capable of heading up this group. In a role as demanding as it is rewarding, you will bring to the firm vision, leadership, new ideas and unsurpassed project management skills. Your role within the group will see you delivering solutions to risk management, financial, sales and marketing users. Your user base will be varied, involving liaison with Europe, the Far East and the US.

With a background in either investment banking, a relevant academic field or possibly industrial consulting, you may have a *PhD* in a quantitative subject and demonstrable experience of applying cutting-edge computer tools (for example object-oriented techniques) to mathematical modelling applications. You are an intelligent, independent thinker, able to get the most from both organisations and people, with the ability to imaginatively apply state-of-the-art technologies to solving business problems.

You will be rewarded by an exceptional remuneration package. This is a rare opportunity to play a highly visible role at the head of an outstanding group of individuals, working on the industry's leading edge computer tools.

To apply, please write with full career and salary details to our advising consultant, Max Kantelia, at *Millar Associates*, 6 Sloane Street, London SW1X 9LE. Tel: 071 823 2222. Fax: 071 823 2208. Ref. FT760.

Millar Associates
INTERNATIONAL SEARCH & SELECTION

HIGH-PROFILE TREASURY TEAM

CURRENCY AND MONEY MARKETS

SENIOR MARKET ANALYST

Central London
to £40,000 + car

Our client, a £multibillion-turnover plc, has a 30-strong treasury which has established an impressive reputation among the financial community. It is now looking to fill this key position.

Initially, you will be a member of the team responsible for managing the group's exposures and dealing activities across both money and currency markets with an emphasis on foreign exchange. This role requires an in-depth knowledge of foreign exchange and related treasury instruments. In addition, an awareness of, and interest in, the oil/gas commodity and related derivative markets would be an advantage.

A graduate, ideally in a numerate discipline, with strong analytical skills, you should have at least two years' experience in either corporate treasury or the financial or commodity markets.

Please send your full cv which will be forwarded to our client unopened. Address to the Security Manager if listing companies to which it should not be sent. Write to **Ref: T5115/FT. PA Consulting Group,** Advertising and Communications, 123 Buckingham Palace Road, London SW1W 9SR.

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Investment Management/Securities Lending

City **Excellent Benefits**

The UK operation of a major US Banking Corporation, and a recognised leader in the Cash Management and Securities Lending market place, is seeking to recruit two specialists to join their London based International Securities Lending team.

Collateral/Treasury Manager

This is a unique opportunity to manage the securities lending portfolio for US$ and multicurrency short-term cash investments.

Ideally he/she will have 1-3 years experience in short term money market trading or as an assistant trader from a treasury function, along with first class analytical and PC modelling skills.

Dynamic individuals with an operational or credit background within a banking or securities firm will also be considered, and can expect a professional and rigorous training programme.

Controller

Senior-level responsibility for all controllership functions related to Securities Lending/Cash Management current and future product lines. Responsibilities include daily balancing of cash movement activity, accrual calculations and reconciliation of all financial accounting components. The role also includes financial analysis of trading and investment activity.

Aged 26-32, the successful candidate could be an ACA or MBA, and will possess good technical skills, commercial acumen, and a strong personality. Demonstrated leadership, motivational and project management skills essential.

These positions offer a broad range of responsibilities and influence with a widely recognised market leader in securities lending and a bank consistently noted for the excellence of its products. Both roles offer competitive salaries with the full range of banking benefits and excellent career prospects.

Interested candidates should contact George Corbett at BBM Selection sending a detailed Curriculum Vitae, to the address below. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ **BBM SELECTION** **Tel: 071-248 3653 Fax: 071-248 2814**

Devonshire Executive

Our client is one of the largest banks in the world with a strong presence in all its principal financial and overseas centres. The banks' medium term management plan is to build on its strong commercial banking position whilst seeking to remain at the forefront of innovation and capitalise on its capabilities as a leading universal bank. To facilitate this growth in its operations we have been retained to identify three specialists.

PROJECT FINANCE

You will probably be aged 28-34 and a graduate, with at least 4 years experience of Project Finance banking in a marketing and credit role. You must have experience of drafting of term sheets and submission of proposals to Arrange/Underwrite transactions, be numerate and computer literate and display strong communication skills. Responsibilities will be to maintain existing and develop new business and extend project financings, particularly in the power and infrastructure sectors.

UK CORPORATE LENDING

Probably aged between 35-40 and a graduate you will be able to demonstrate 8 years relationship marketing to multi-nationals, and medium sized UK corporates, specialising in food, manufacturing, brewing, distribution, retail pharmaceuticals and power generation. Products include acquisition finance, MBO's, structured finance, trade finance and non-resource financings. Strong credit skills are a pre-requisite.

NORDIC CORPORATE MARKETING

Probably aged 25-35 you should possess at least 4 years experience of marketing to sovereigns, Supra-nationals and rated financial institutions in Scandinavia, Ireland and the Nordic countries. You should be prepared to undertake extensive travel to the region. Sound credit skills are required together with a knowledge of financial engineering and tax based lending and structured transactions.

Please send curriculum vitae to **Roy Webb**, Managing Director or telephone for a confidential discussion.

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The role demands an experienced fund manager with a track record at senior level which also involves the management of people. The strategic ability to set up new systems will match your investment and business development skills. A true self-starter, you will need to be capable of assimilating the firm's culture, a key feature of the position, and be prepared to travel throughout the Tayside region.

In return, they offer a substantial rewards package which includes an incentive scheme and generous relocation expenses to this pleasant part of Scotland, where the quality of life is excellent. Partnership-type status in this leading firm will enhance the career potential of the role.

To find out more, please contact Jim Bennett, Consultant, on 041 226 4242 (office) or 03552 23889 (evenings 7 - 9pm) or write to him with full curriculum vitae and quoting ref. no.QS710 at **Austin Knight UK Ltd,** Royal Exchange House, 100 Queen Street, Glasgow G1 3DL.

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To apply contact The Freshman Consultancy during office hours on 071-721 7361 or send your CV by post or fax quoting reference FT/6/94.

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Our client is one of the most exciting and forward thinking UK financial institutions; providing high quality competitively priced banking, insurance and related financial services products. As a result of expansion there is now a requirement to recruit three seasoned risk management professionals to join the group's market risk teams. The ideal candidates for these positions will meet the following criteria:

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The Position

- Within an established risk management team working across the group, evaluating quantitative methods for the measurement of credit and market risk.
- Monitoring risk limits and procedures to ensure adherence to Bank policy.
- Regular preparation of reports to the Board, the Risk Management Committee and the Asset and Liability Committee.

The Requirements

- A graduate in a numerate discipline, preferably with an additional professional qualification.
- Strong and demonstrable analytical skills, allied with proven report writing abilities and strong interpersonal skills.
- A detailed knowledge of treasury products and a sound understanding of market and credit risk evaluation techniques.

RISK MANAGER

The Position

- Working within a dynamic risk management development unit in conjunction with Group Treasury.
- Development and implementation of risk management techniques across Group Companies.
- Development of sophisticated techniques to measure and allocate internal economic capital and the implementation of regulatory capital requirements.

The Requirements

- Sound understanding of the mathematics underpinning risk management techniques gained in an innovative Treasury/retail environment.
- Aged mid twenties to mid thirties with a numerate degree and strong PC skills.
- Strong analytical skills, self motivated, good communicator, team player.

RISK ANALYST

The Position

- An ideal opportunity to develop a broad range of product and risk management skills within this recently established team.
- To undertake analysis of Treasury trading limits and to implement new techniques to monitor exposures against limits.
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The Requirements

- Aged mid- to late-twenties with a numerate degree and excellent spreadsheet skills.
- A broad banking/accounting background preferably with at least one year's experience working in risk management.
- Good analytical skills, self-motivated, practical, good communicator, team player.

Please apply, with a full C.V. and salary details to: Carrie Disney/Jane Mullally, Grafton Associates, Merton House, 70 Grafton Way, London W1P 5LE.

Grafton Associates
Executive Selection Consultants
Tel: 071-388 2051 Fax: 071-387 5324

Senior Portfolio Manager

Australian Equities

Sydney based

SBC Australia Funds Management, a subsidiary of Swiss Bank Corporation, is a leading investment management group in Australia. We are seeking an experienced portfolio manager to join our team in Sydney.

The successful candidate will be a senior member of our Australian Equities team with prime responsibility for portfolio management and the analysis of Australian companies. This person will also provide input to the Group's asset allocation process.

Applicants should have relevant tertiary qualifications including a successful record in the management of equity portfolios with a strong focus on the Australian market. They must also possess good communication and presentation skills and be capable of contributing effectively at a senior level in a team environment.

The asset management industry is entering a phase of strong growth in Australia and offers exciting career opportunities to achievement oriented individuals. We are keen to attract a high calibre candidate prepared to make a commitment to the growth of our business and to the Australian market.

Please forward applications to Anne O'Keefe, Associate Director, Human Resources, SBC Australia Limited, PO Box N100 Grosvenor Place, Sydney 2000, NSW, Australia. Phone 61 (2) 258 2200. Fax 61 (2) 258 2049.

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Property Finance

Hypo Bank's on-going commitment to expansion has resulted in a vacancy for an additional professional banker to join the New Business team, handling both existing and potential property finance clients.

The department provides investment and development finance to UK property companies active in the commercial sector. Transactions are often complex and of substantial size.

Suitable applicants who would take personal responsibility for originating, negotiating, structuring and progressing deals, will be:

- Capable of front line business development
- Able to show a sound understanding of the UK property market having probably 3 years minimum experience of structuring property transactions.
- Skilled in credit analysis and risk assessment of UK corporates.
- Aged probably in their early to mid thirties.

The significance of the appointment will be reflected in an attractive remuneration package.

Please apply in writing enclosing a full curriculum vitae to:

**Frank Hoy, CSC Executive Search plc.
5 Great Queen Street, London WC2B 5DG.**

HYPOBANK

EUROPEAN RELATIONSHIP MANAGEMENT

Our client, one of the largest and most prestigious financial groups in Latin America with a leading position in banking and securities in its home country, is looking to make the following two key appointments for its European operations, in line with its ongoing expansion plans for Europe:

HEAD SPANISH REP. OFFICE

LOCATION: MADRID

The Role – To establish and maintain relationships with banks, other financial establishments and MNCs, initially in Spain and later in Italy, with regard to a broad range of banking products.

– To liaise with the relevant specialist personnel covering commercial banking and capital markets in both London and Head Office.

The Candidate – Self-starter, ideally with an MBA in his or her 30s, with a fluency in English and Spanish, and ideally a working knowledge of Italian.

– An existing network of contacts amongst the Spanish financial community and possessing the maturity, cultural understanding and interpersonal skills to establish new clients, in particular amongst institutional investors.

– A strong analytical background with a broad experience in both commercial banking (in particular, trade finance and FX) and capital markets (in particular, money market instruments and bonds).

Candidates applying for this position should be aware that we are acting in conjunction with our client's consultants in Madrid. Ref: NAS 2162

SR MARKETING MANAGER - FRANCE

LOCATION: LONDON

The Role – To establish and maintain relationships with banks, other financial institutions and MNCs mainly in France, but also in the French speaking parts of Belgium and Switzerland, with regard to a broad range of banking products.

– In the absence of a rep. office in France, to act as a link person between the bank and its developing institutional and corporate account base there. This will involve liaising with the bank's commercial banking and capital markets specialists in both London and Head Office.

The Candidate – Self-starter, of graduate calibre, in his or her late 20s to mid 30s, with a fluency in English and French, and a working knowledge of Spanish.

– An existing network of contacts amongst the French financial community and possessing the self-confidence and interpersonal skills to establish new institutional clients, in particular for capital markets products.

– A credit-sensitive banker with broad exposure to both commercial banking (particularly financial institutions and trade finance) and capital markets (particularly money market instruments and bonds). Ref: NAS 2163

Both of the above positions report in to the bank's Head of Business Development in London. They provide competitive salary and benefits packages, together with a performance-related bonus. Career prospects within the bank are considerable.

Salt Chapman Associates

To apply, please telephone or write to Neil Salt, quoting the appropriate reference.

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Tel: 44-71-434 1319. Fax: 44-71-434 0835.

Investment Analyst

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The ideal candidate will have a strong mathematical background and a good appreciation of markets.

He or she may possess a specialist qualification in the derivatives arena, or have a minimum of two years equity market experience.

In return we can offer a competitive salary and a first class range of financial sector benefits.

If you can make a major contribution to our continued growth and success, please forward your full CV to: Heather Hosking, Personnel Department, Abbey Life Assurance, 100 Holdenhurst Road, Bournemouth, BH8 8AL.

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ECONOMIST

country analyses Latin America, Asia and emerging markets

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VII

TRAINEE FUND MANAGER

ASIA

In order to maintain our very high standards and to continue our expansion, we are currently seeking to appoint a Trainee Fund Manager for our Asian desk.

The successful candidate will have a good degree, preferably from an economics related background.

Any knowledge or experience of the Asian region will be considered an advantage. A good command of any relevant languages would also be of benefit.

This position requires intelligence, an interest in investment, the determination to work long hours and excellent presentation skills.

Remuneration will be commensurate with that of a leading financial institution.

Interested applicants should forward a comprehensive curriculum vitae to:

Humphrey Carey
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Corporate Risk Manager-Europe

This position has the responsibility to administer the Corporate Credit Policy for Europe, including approvals of credit limits and the monitoring of all outstanding accounts receivable balances and any problems associated with their collection.

Additional responsibilities include:
- assist in evaluation, hiring, and training of all European Credit Managers;
- provide statistical reports for management;
- handle default situations and resulting legal action including repossession of equipment, placement of accounts with third party agencies or attorneys, filings involving bankruptcy and VAT recovery.

Qualifications should include:
- university degree in finance or related discipline;
- multilingual skills;
- minimum 5 years industrial credit and collection experience;
- strong financial analysis skills;
- proven track record of effectively managing the collection activities of a large dispersed portfolio of accounts;
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If you are interested in this function, please send us your application letter with CV.

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FUTURE PROSPECTS for personal growth are excellent. Candidates will be qualified accountants with 3 – 5 years post qualification experience and will be well versed in a fixed income/wholesale/investment banking environment on an MTM and accruals basis. A good understanding of systems development on both mainframe and PC's is essential – together with obvious potential for career development in a flourishing milieu.

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29 Pall Mall, London SW1Y 5LP
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If you are interested in this opportunity, send your resume within ten days (from the publication of this advertisement) quoting ref : ES/58/94 to **KPMG Peat Marwick, P.O. Box 3800, Dubai, U.A.E.** All communication will be treated in strict confidence.

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Applicants should write, enclosing full career details, to Hugo Haddon-Grant, Director, Cavendish Corporate Finance Limited, 12 Cavendish Place, London W1M 9DJ.

CAVENDISH CORPORATE FINANCE LIMITED

QUANTITATIVE ANALYST

City

Barr Rosenberg European Management, a leading Quantitative Investment Management Company, is looking to expand its Investment Research Team.

An opportunity has arisen for a flexible, self motivated person to join the team analysing data on European Companies. The ideal candidate will be articulate team player who excels at functions that require dedication and attention to detail. The minimum background required is a good Economics/Econometrics degree combined with excellent computer skills. Knowledge of the European Equity markets and a second European language is desirable.

An excellent remuneration package and working environment is offered.

Please apply in writing, enclosing a C.V. to:

Frederic Sipiere
Chief Investment Officer
Barr Rosenberg
European Management Ltd
7th Floor, 4 Broadgate
London EC2M 2SR

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SALES EXECUTIVE FOR FRANCE
FINANCIAL MARKETING/INVESTOR RELATIONS

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Candidates will be expected to travel frequently to France, and the work will focus on:

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Ms. Ciara Scallon, Technimetrics Inc., 84 Newman Street, London, W1P 3LD.

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YOUR experience should include some of the following: econometric forecasting, extensive knowledge of data sources, macro-economic model building, use of large scale models and related software.

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We are seeking a number of Sales Professionals in London to contribute to our newly-formed equity division. Emphasis will be on derivatives and required experience is therefore likely to include Futures, Options (inc. LTOM), OTC derivatives, Convertibles, Warrants or Structured Products. Fixed-income derivative experience would be an advantage.

The ideal candidate will have:

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- An enthusiasm for new business development

The incentive package will appeal most strongly to producers wishing to earn a realistic performance-related return and to profit from their own efforts in a dynamic environment of similar professionals.

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Box A2141, The Financial Times, One Southwark Bridge, London SE1 9HL

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Qualified candidates will have a minimum of 4 years' equity trading experience and have managed an active trading book. Futures experience a must. Good computer skills and highly developed analytical abilities are also required. Must be fluent in Japanese.

Interested applicants should send a letter with confidential resumé and salary requirements to our headquarters:

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INTERNAL AUDITORS IN THE CITY

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Call Andrew Jenkins in total confidence on 071 916 4141 or Fax 071 916 4148

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London

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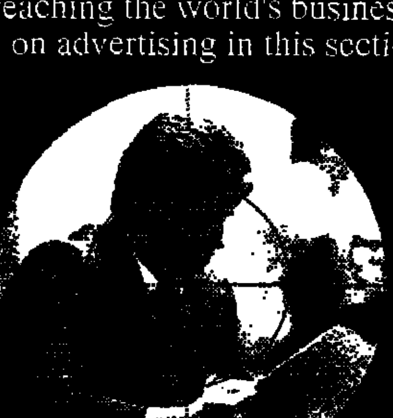

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ACCOUNTANCY COLUMN

Time for auditors to look back to the future

Andrew Jack examines the delays in publishing a white paper two years after the McFarlane report

Judging by the tardy handling of its most contentious proposals yet, a mischief-maker might suggest that the accountancy profession has recently created a new type of "expectations gap". It comes in the form of the silent, ever-expanding void into which responses have tumbled since the publication of the Auditing Practices Board's "Future development of auditing" document.

Almost two years after publication in November 1992 of the green paper, widely dubbed the "McFarlane report" after its chairman, the dozens of submissions reacting to its ideas have now been made public. The official response in the form of a long-promised "white paper" has yet to materialise - and is apparently not likely to appear before early next year.

Mr Ian Plaistowe, a senior partner with Arthur Andersen, has since taken on and relinquished the presidency of the Institute of Chartered Accountants in England and Wales. He has also taken over chairing the APB, while his predecessor has retired and other members of the board moved on. Mr John McFarlane, who co-ordinated the green paper, has switched from his top role at Citibank to take a board seat with Standard Chartered and recently relocated to Hong Kong.

Some have no doubt benefited from the delays. A number of organisations seemed incapable of responding in time for the date for submissions - which was March 1993. More seriously, others may have hoped that its radical ideas would simply fade away, such as Baker Tilly, the accountancy firm which dismissed the entire McFarlane report in a few paragraphs.

In the meantime, some of those submitting their views have had time to change their minds. The Chartered Association of Certified Accountants, for example, has switched its views on auditor liability, arguing then that the position must be reformed, but earlier this year deciding that there was no need for amendments.

Overall, the delay might have had some advantages. It does allow a little more time for reflection and a better historical perspective on the debate. As Mr Prem Sikka of the University of London and his colleagues point out, the UK accountancy bodies have persistently taken a sectional view and resisted reform throughout the twentieth century.

He says the Institute of Chartered Accountants in England and Wales unsuccessfully tried to oppose the publication of a profit and loss account for companies in 1926, of an audit report in 1948, and of turnover in 1967, for instance.

Browsing through the responses to the McFarlane report makes interesting reading. Coopers & Lybrand's English firm takes a constructive though critical perspective. Its Irish partner firm is more outspoken, arguing in an unusually candid letter that intensive price competition has led to "a dramatic reduction" in the level of audit fees for most companies.

The firm warns that this situation may risk a limitation on the scope of audits as savings are sought to meet reduced fee levels; and restrictions on the independence of auditors as management threatens to put audits out to proposal or to withhold support for the auditors' reappointment.

One depressing element in the submissions is the lack of responses from companies. Most are from accountancy firms, their professional organisations and trade bodies, with just a smattering of - generally far shorter - letters from businesses and individuals adding to the pile.

More sad is the correspondingly narrow focus of the responses that results. Most take an extremely blinkered view, concentrating on criticising many of the recommendations for being too radical or "impractical" or simply too costly.

Self-interest is often transparent in the replies, with the Institute of Internal Auditors arguing for a greater role for internal audit, for instance. Nonetheless, the importance of the function carried out by its members is also flagged up by the Royal Bank of Scotland's response, which points to the findings of a recent study showing that a tiny fraction of significant computer fraud issues were discovered by the external auditors.

One apparently safe proposed reform is the idea that the dependency of a firm on a single client should be reduced, with the permissable fee income which could be generated being reduced perhaps from 10 per cent to 5 per cent. Endorsement of the idea crops up in the responses with a regularity that might lead a cynic to think it was the result of collusion. It is almost the sole recommendation for change endorsed by the Big 6 accountancy firms and the English Institute. The only thing on which these large entities appear to agree is that there should be no other more radical reforms, such as a ban on the provision of lucrative non-audit services to audit clients by the same firm.

But hidden among the blandishments and defensive gestures are some important points from others. One of the most controversial is the idea that auditors should not be able to provide other services to their audit clients, such as tax or consulting advice. The large firms always dismiss suggestions that this practice jeopardises their independence.

However, Sir Brian Unwin, chairman of Customs & Excise, (also now replaced since the date of his letter), is among those who says he has "reservations" about the practice, which is all but forbidden for auditors to public sector bodies.

Similar views come from others including the Chartered Institute of Management Accountants (Cima), a number of the smaller accountancy firms and even from the Association of Authorised Public Accountants (AAPA), representing the rump of accountants recognised by the government to practice but outside the remit of the other professional accountancy bodies.

Cima also argues for the creation of an Audit Commission to take over the regulation of auditing in the profession, both standards-setting and policing, wresting the Auditing Practices Board from the clutches of the accountancy bodies alone.

The AAPA calls for a Royal Commission to examine - given similar large-scale public inquiries into the subject in the USA and elsewhere. While the process might be cumbersome, the idea does at least highlight the difficulty because of the lack of independent research currently available. Most derives instead from the profession.

However, there is almost universal rejection of ideas still being considered by the Auditing Practices Board in the longer-term to introduce some form of "shareholder panel" to bring auditors back closer to their true clients and away from the pressures of the directors in a way that jeopardises their independence when publicly reporting.

Even so, Prudential, Standard Life and others endorse in principle the idea of some form of "audit panel" which might oversee or mediate disputes over work or auditor appointments across quoted companies.

Even some of the larger accountancy firms such as Grant Thornton and Moore Stephens are in favour of further discussions on the topic.

A number of organisations do argue for a longer, "free-form" report from the auditors in companies' annual reports, which would provide some useful information rather than the existing bland pro forma read by so few. These include the 100 Group of leading company finance directors.

But if the Auditing Practices Board does not get on and produce its revised white paper soon, in the light of these submissions, any chance of meaningful reforms before the new millennium may start to seem impossible. It should not give its critics that satisfaction.

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Mr. R. Skelly, Tolent Holdings Limited, Ravensworth House,
5th Avenue Business Park, Team Valley GATESHEAD NE11 0HF
Tel. No: (091) 487 0505 Fax. No: (091) 491 5539

Senior Financial Analysts

c. £45,000 + banking benefits

Bank of America is one of the world's largest and most successful international banks and has a significant presence in European Capital Markets. As part of a continued process of strengthening the support areas to the Capital Markets Group, they now require two high calibre individuals to make a strong impact on the European, Middle East and Africa Finance Group (EMEA) based in the UK.

UK Derivatives Management Accountant

Reporting to the UK Capital Markets Finance Manager and working in close liaison with the head of the Derivatives Business your responsibilities will include:

Overseeing the production of the monthly business package for the Derivatives Group to include all financial and management accounts and performance analytics.

Provision of financial, strategic planning and forecasting including the development of the annual plan.

Interfacing extensively with the derivatives accounting group, providing specialist knowledge on the development of accounting policies, procedures and products.

Provision of detailed analysis of counterpart credit risk, credit reserves, customer revenue/market data and funding proposals.

Significant ad hoc projects.

Ideal candidates will be qualified accountants with 4-6 years PQE gained within a financial services group. Excellent derivatives product knowledge and highly developed analytical skills are essential. Communication and interpersonal skills will necessarily be of the highest order for this high profile liaison role.

Southern Europe – Senior Financial Analyst

Bank of America holds a significant position in Southern European Capital Markets particularly in the Securities area. Reporting to the Southern Europe Finance Manager your responsibilities will include:

Responsibility for US GAAP accounting close for the bank's Italian branch. You will be responsible for reporting to the EMEA Controller on all major accounting issues that impact the branch including special accounting projects. Additional responsibilities will include filing some US regulatory reporting requirements for the branch.

Provision of financial planning and management reporting support for Southern Europe including developing the annual plan and generating monthly line of business reporting for the region.

Assisting in supporting the finance and MIS requirements for all securities products for the region including the development of databases to support the sale/distribution of securities and to support Corporate reporting.

Suitable candidates would be qualified ACA, with 4-6 years PQE gained within a financial services institution. You will have significant securities exposure and experience of US GAAP. You will also display strong technical and analytical abilities, including advanced computer skills. Command of Italian or Spanish would be advantageous.

For the right candidates the rewards are substantial, in terms of package, career prospects and experience. If you believe you possess the dynamism and business acumen to succeed in these exceptional roles then please write to our advising consultant, Jonathan Kidd, Harvey Nash Plc, Dragon Court, 27-29 Macklin Street, London WC22B 5LX. (Tel 071 333 0033). Please quote reference no. HNF113. *Bank of America is an equal opportunities employer.*

Bank of America

HARVEY NASH PLC

Accountancy Personnel

ELECTROCOMPONENTS PLC

GROUP TREASURER

Peterborough Based
Attractive Package

Exciting Challenge for a Commercially Orientated Corporate Treasurer

Electrocomponents Plc, the major electronic, electrical and mechanical distribution Group, has a global turnover of £400 million with a market capitalisation over £1 billion, achieved through long term profit growth. The profile of the Group has continued to broaden with International sales now representing 20% of turnover and growing at over 30% per annum.

The Role

An exceptional opportunity has arisen for a treasury professional who will contribute to the continuation of this growth as part of a small, professional team based in Peterborough. You will drive the development of the treasury function both at the centre and in close co-operation with operating businesses. This is an exciting opportunity for someone wishing to develop further their treasury skills with a fast growth international plc.

The Candidate

You will have a minimum of 5 years broad treasury experience with a blue chip plc (or equivalent) and hold a professional treasury or accounting qualification. As a key member of a small team, you will be expected to develop proactively treasury to support the business operations worldwide.

An excellent salary package including a bonus and car will be offered to the successful applicant and assistance with relocation will be given where appropriate.

If you wish to be considered for this appointment, please write, in confidence, enclosing your CV and details of current remuneration to Lynn Hardy, Accountancy Personnel, 13 Cavell Court, North Street, Peterborough PE1 2RA. Tel No: 0733 558517.

Hays

Finance Director

Thames Valley **£50,000 – £60,000 + Bonus + Car**

With a current turnover of c. £55m and a history of continuous and profitable growth, our client markets an extensive range of leisure and educational products to multiple retailers. It is one of the leading suppliers in its sector and forms the UK subsidiary of a major US multinational. This new position has been created to play a central part in the company's next phase of development.

Reporting to the UK Managing Director, and heading a team of 20, the role combines practical financial management with systems development and commercial involvement. In addition, you will have responsibility for co-ordinating in-house purchasing and shipping departments and managing relationships with third party warehouse and distribution companies. Of key initial importance will be the review and upgrade of financial controls and management information systems in line with company growth.

Candidates will be qualified accountants, preferably aged mid 30s to late 40s, with significant experience of managing finance in fast moving commercial environments. Excellent staff management skills are essential, together with a good working knowledge of computer systems and the strength of personality to thrive in a successful sales and marketing led company.

To apply, please send a comprehensive CV including remuneration details and daytime telephone number, quoting reference CRR140, to: Christopher Rose, Touche Ross Executive Selection, Mountbatten House, 1 Grosvenor Square, Southampton SO1 0XU. Tel: 0703 334124.

Touche Ross

MANAGEMENT CONSULTANTS

Project Accountant

London — Competitive Package

Our client is a world leader in the satellite communications industry, providing state of the art products and services. Exciting new product development has led to the establishment of an affiliate company the framework of which will be in place by the end of the year.

It has now become essential to appoint an individual who can take this new company through the start up process and the initial stages of its development. This will involve various financial activities which will evolve over time but will include providing analysis and advice on such issues as project planning, financial plans and analyses, accounting policies, tax and funding.

Candidates for this position will be qualified accountants although consideration will be given to those who have an MBA and the requisite financial skills. Previous experience in a start up situation would be ideal but is not essential. A solid understanding of UK tax will be important as will analytical and problem solving skills. Candidates will possess maturity, the ability to work independently and will have considerable commercial acumen.

This is an initial one year contract with the potential to become a full time position.

To explore this key role in an expanding organisation, please write with a full cv, quoting reference 2256 to Frances A Bell, AAD Executive Selection, 7 Curzon Street, London W1Y 7FL.

AAD *The Executive Selection Division of Odgers and Co. Ltd*

WAP

Commercial Manager (ACA, CIMA, MBA)

Herts

c. £37,000 + Car + Bonus

Our client, a primary operating division of a leading UK services group (t/o £1.1bn), has maintained its position as a dominant market leader despite increased competition in it's specialist sector. A high calibre management team coupled with a corporate strategy orientated towards the provision of superior customer service, will create substantial domestic business opportunities. The company culture is both competitive and entrepreneurial.

There now exists the need to augment the management team with the appointment of an exceptional Commercial Manager. Covering two specific units and reporting to General Manager level, the appointee will be responsible for a variety of commercial and analytical issues facing the business. Specifically, the role will encompass the development of financial strategies, the interpretation of management information, implementation of pricing strategies, evaluation of cost reduction plans, and the development of capital expenditure proposals. The successful candidate will work closely with other functions including purchasing, logistics and information technology.

This opportunity will appeal to a self-motivated accountant and/or MBA (aged 27-32), with two years experience as part of a management team in an operational service business. Applications are also invited from appropriate candidates currently working in a management consultancy environment. Key requirements include a proactive work style, sound commercial judgement, and an ability to initiate and manage change.

The rewards include an attractive remuneration package together with company car, generous performance related bonus and excellent career prospects in a successful and growing group.

Interested candidates should write in the strictest confidence to Brian Hamill or Robert Walker, forwarding a curriculum vitae to our London office quoting ref: BH1045.

WALKER HAMILL
Executive Selection
29-30 Kingly Street, London W1R 5LB
Tel: 071 287 6285
Fax: 071 287 6270

Quantum

Financial Accountant
Switzerland

At Quantum, "high performance" goes way beyond our state-of-the-art disk drives. It encompasses our processes, our practices and, above all, our people. The result? A dynamic organisation with a turnover in excess of two billion dollars and a ranking among America's Fortune 500, and 100 fastest growing companies.

Indeed, the momentum of our success has now created the need to strengthen the financial management of the European Headquarters and the international trading company in Neuchâtel, Switzerland.

If you can hit the ground running and match the exceptional pace of our business operations, we can promise you one of the most stimulating and financially rewarding career environments anywhere in Europe.

Our Financial Accounting Team is part of a dynamic group of just 20 accounting professionals, who between them account for over a billion dollars of operational turnover. Encompassing eleven different nationalities, the work environment is cosmopolitan, dedicated and intensely challenging.

To be considered for this key post, you should possess between 2 and 5 years' experience since qualifying as an accountant, with exposure to monthly financial reporting and analysis within a sophisticated international finance function.

You should be highly computer literate, a genuine team player used to responding to considerable responsibility and tight deadlines. As number 2 in this team, you will need to demonstrate a sustained commitment to high quality reporting standards, with a distinct emphasis on continual improvement. You must be fluent in English, with knowledge of French or German being an advantage.

The quality of life in Switzerland is superb, with Quantum offering a salary equivalent to £45 to £50,000 pa supplemented by a comprehensive US corporate benefits package. Equally important, though, is the chance to pursue a genuinely original career challenge, in a location ideally suited to enjoying professional success.

To discover more about your future at Quantum, please send your curriculum vitae and covering letter to Matthew Hutchin, Moxon Dolphin Kerby, 178-202 Great Portland Street, London W1N 6JJ. Tel: 071 631 4411. Please quote reference number 6304.

MOXON·DOLPHIN·KERBY
EXECUTIVE SEARCH & SELECTION

FINANCIAL OFFICER

AMSTERDAM — 30 - 40 — £70,000 + Bonus + Bens

Our client is the Holding Company of a divers Private Group of International business with several subsidiaries in Europe and North and South America. Due to recent growth and developments they are now looking to recruit a Financial Officer to oversee the Groups Financial activities.

Reporting to the C.E.O./owner you will be responsible for:
- supervision and coordination of reporting on all investments and ventures inclusive real estate;
- evaluation personal investment portfolio management;
- coordinaton Legal, Tax, Audit Services;
- liaising with C.E.O.'s/C.F.O.'s of the Group Ventures;
- coordination of 2 Business Controllers (Latin America, USA).

The successful applicant will be a graduate qualified accountant with a minimum of 7-10 years international cash management and financial reporting experience preferably in a privately owned business.

Strong presentation, analytical and communication skills are essential, in combination with leadership and entrepreneurial qualities for this high profile role. The applicant will have previous experience of working in continental Europe. He/she must be prepared to travel on short notice. Knowledge of English is required and a second European language (Swedish or Spanish) would be an advantage.

If you are interested in this opportunity, please contact Elisabeth M.M. Huigen or Ludo G.M.M. Houben on the number (0031) 20-6444655, or alternatively send your curriculum vitae to the following address: Robert Walters Associates, 'Rivierstaete', Amsteldijk 166, 1079 LH Amsterdam, The Netherlands.

ROBERT WALTERS ASSOCIATES

Colonial.

Progressive new senior appointments

Kent

£45-50,000 package

Our client is one of Australia's longest established and most respected financial services groups, with operations in Australasia, Asia-Pacific and the UK. A comprehensive review and restructure of global business has resulted in exciting new developments within the UK. A new MD and CFO have been appointed and they wish to strengthen the management team with the following appointments:

Influential Management Accountant

Reporting directly to the CFO, this is a new post with the primary objective of developing management reporting.

Integral to this role will be a vital contribution to key corporate objectives through improved and pro-active decision making. This will require effective presentation and delivery to Managers at all levels to ensure that best use is made of this new information. A small but hand picked team will report in to produce primary management reports, planning, forecasting, modelling, with additional projects such as product profitability and competitor analysis.

The ideal candidate, aged mid to late 30s, will be a graduate Big 6 ACA with at least 10 years post qualification experience, initially in financial accounting or internal audit, with more recent responsibilities in provision of management information within a service environment. This role carries genuine prospects for promotion. Ref GDM J200314

Chief Internal Auditor

Reporting to the UK Audit Committee and functionally to the MD and CFO, this role requires a progressive individual and carries two main areas of responsibility:

- Backed by a small team of professionals, a new function will be installed to audit fundamental financial controls and systems probity. The remit also includes sales representative investigations in conjunction with the compliance function
- A global contract has been assigned to an International Big 6 firm to carry out audit of management processes, operational efficiencies and business risk analysis. The new incumbent will manage this relationship within the UK and will have sufficient seniority and gravitas to deal with Senior Partners and Executives.

Candidates will be Big 6 trained ACAs with at least 4 years post qualification experience and will currently be working as a manager in the big 6 or in a senior Internal Audit position in a major concern. Genuine prospects exist to move to a senior line role within 2-3 years. Ref JFK J200350

Salary indicator for both roles will be mid £40,000s plus a package including a car, full financial services benefits and relocation.

Only high achievers need apply. Candidates will be open-minded individuals who will not be of a disposition to readily accept the status quo.

Both roles will be based in the attractive surroundings of a new purpose built head office based in Gillingham, Kent. This location is easily commutable from South London.

Interested applicants should write, enclosing a comprehensive Curriculum Vitae, quoting the above reference number to Renny Hayes or Jonathan Ross at Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey, KT22 8AG.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Finance Director

Professional Services

London — c £100,000 Package

Our client, one of the foremost names in the property consulting and advisory sector, has a leading position in the UK market, together with an expanding international network of offices and associations. The firm has a very strong institutional client base and enjoys an enviable reputation. Having been continuously profitable and cash positive throughout the recession, through both stringent control and improved service quality, the firm is now intent on pursuing a strategy for national and international growth, both organically and by merger/acquisition.

The current Finance Director will be moving into a general management role within the firm and a successor is therefore sought.

Responsible to the Managing Partner, as a key member of the Board, the successful applicant will be expected to manage the entire financial infrastructure of the business during a challenging stage of the firm's development. The immediate requirements will include improving the scope and depth of commercial financial analysis and enhancing the quality of the financial systems. Essential to success in the role, however, will be the ability to facilitate focussed strategic thought and to assist in translating this into action, whilst maintaining very strong control over the cost base.

Candidates, aged up to 45, should be qualified accountants who can demonstrate a track record of commercial success within a service-sector environment, preferably with remote site management responsibilities and some international involvement. An understanding of cost management in a growth environment and familiarity with acquisition appraisal would be advantageous.

Essential personal qualities will include outstanding communication skills, a strong personal presence, a tough-minded approach to business control, a mature style in problem solving, clarity of strategic vision and the energy to translate vision into reality.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 196812, to
Alan Dickinson FCMA, Executive Division,
Michael Page Finance, Page House,
39-41 Parker Street, London WC2B 5LH.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Financial Controller

Middlesex — £45,000 + Car

Our client is one of the largest value added resellers of corporate PC software in the UK, with the majority of the Times Top 100 amongst its customers. With a worldwide turnover fast approaching $1 billion, the company is currently instigating a strategic broadening of its role to include moves into new business areas such as licensing management and integration services.

As a result of an internal promotion and continued business expansion across Europe the company is seeking to recruit a Financial Controller within the senior management team, who will assume the leading role in the financial management of the company's UK business strategy. Reporting to the European Financial Director and managing 18 staff, the role will command a high profile across the whole business. Responsibilities will encompass all aspects of finance, comprising statutory and management reporting, monthly performance forecasting, developing external banking relations, cash forecasting and systems development.

The main challenge of the role will be to provide consultative support to the business units to help them achieve their objectives within a fast changing environment.

Candidates should be qualified accountants probably in their mid thirties with substantial post qualification experience.

The successful candidate will have experience of distribution or the computer industry gained at senior management or board level. Previous experience of working for a US parent company is highly desirable.

Prospects for career development, both within the UK and Europe, are excellent.

Interested candidates should write to Phil Davis quoting reference 201745 along with a full curriculum vitae which includes a daytime telephone number and details of current remuneration, at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

CAREER OPPORTUNITIES IN THE CITY

Seminar for Newly Qualified ACAs

6.30pm, 19th September 1994, London WC2

Bankers Trust Company — MORGAN STANLEY — Union Bank of Switzerland

CREDIT SUISSE FINANCIAL PRODUCTS

Michael Page Finance are hosting a seminar for newly/recently qualified ACAs interested in making a career move into the City. We have arranged for speakers from four investment banks including Credit Suisse Financial Products, UBS and Morgan Stanley, to give a presentation on the merits of a variety of roles.

There will be opportunities to talk informally with representatives from these and other City Investment Banks at the reception which will be held afterwards.

Should you wish to attend, please telephone John Zafar, Andrew Norton, Stephanie Warren or Sarah Hunt for an invitation. Demand for this seminar is likely to be very high so telephone The Financial Services Division now on 071 831 2000 to avoid disappointment.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

European Controller

Middlesex — c £40,000 + Car

Our client is a leading international jeanswear company. Carrying premium brands, the company is known for strong sales support and quality advertising.

The company now wishes to appoint a positive and ambitious accountant who is also determined, innovative, possesses excellent motivational skills and has the ability to influence others on a pan-European basis.

Reporting to the Chief Financial Officer, responsibilities will include:

- Proactive management and development of the European financial reporting process.
- Provision of first class day-to-day commercial and financial control.
- Developing the sophistication of the pan-European information systems.
- Day-to-day communication with the Country Financial Controllers and Directors.

The successful candidate will be in their late twenties/early thirties with an impressive record of success in a fast moving, international, consumer goods environment. High levels of drive and a practical, hands-on approach to business problem solving will be essential.

Individuals with a second language, exposure to US management, previous work experience overseas and/or European mobility will be of particular interest.

Interested candidates should write to Phil Davis, quoting reference 201738 along with a full curriculum vitae including a daytime telephone number and details of current remuneration, at
Michael Page Finance, Page House,
39-41 Parker Street, London WC2B 5LH.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Director European Group Accounting

Midlands — c £40,000 + Car

Our client, is a $200 million European subsidiary of a $2.5 billion US multi-national corporation. Enjoying strong brand recognition, the company is recognised as being strongly marketing orientated focusing on customer service. Its European operations are the Groups most significant ventures outside America. Europe has substantial plans for growth based on extensive capital investment within it's manufacturing and distribution operations, strategic acquisitions and innovative marketing ventures.

As part of the Groups commitment to add value to financial and commercial control throughout this exciting period of the businesses development, they need to appoint a high quality individual who will be able to advise and support the European businesses. Reporting to the Director of Finance, the individual's scope of responsibility will cover European budgeting and forecasting, consolidations, US reporting, systems development, tax and treasury.

The individual will be a qualified accountant, aged 30 to 40, who has strong technical skills, commercial awareness and a hands-on approach. The person must have worked within a US/European group, consequently having gained multi-national consolidations experience. In addition, exposure to US GAAP and European tax/treasury planning would be advantageous. The role will necessitate extensive European travel.

If you believe you have the necessary qualities to fulfil this role and the potential to achieve further promotion at a later stage, then please forward a comprehensive CV, stating current salary to Paul Kinsey ACMA at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD, quoting reference number 201312.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Financial Controller

East Midlands — c £40,000 Package + Car

Our client is a UK quoted company specialising in the manufacture, installation and service of capital equipment for a diverse portfolio of domestic and international customers. Recent expansion has created a requirement for a Financial Controller to join a highly profitable, rapidly growing subsidiary, based in the East Midlands.

Reporting to the local Managing Director, the successful candidate will assume full responsibility for the financial management of this autonomous operation. Key areas of involvement will be to provide financial and commercial support to the business through the next phase of expansion and to maintain a close interface with the parent company. A 'hands-on', generalist approach is essential, as the successful candidate must play an active developmental role, working closely with the Managing Director to ensure continued profits growth on an international basis.

Candidates should be qualified accountants, aged up to 45, with a background in the manufacturing sector and with experience of sophisticated management reporting, preferably gained in a quality driven engineering environment. Personal maturity, strong managerial/leadership ability, well developed communication skills and a practical approach to problem solving will be essential.

Comprehensive relocation facilities are available where appropriate. Interested applicants should forward a comprehensive CV, quoting ref 199950, to Ian Leech ACMA, Michael Page Finance,
Imperial Building, Victoria Street,
Nottingham, NG1 2EX.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

c. £70,000 + bonus + excellent benefits — *Leisure Plc* — *North West*

Finance Director

A Main Board position in an established, profitable and expanding £60m+ Group which enjoys clear leadership in several European markets in its specialist fields, and which plans to develop new and high potential business streams. An ideal career move for an ambitious, commercially-oriented professional seeking influence and involvement at board level in a challenging and fast-moving environment.

THE ROLE

- Reporting to the Managing Director, responsible for the financial management of a number of businesses and external relationships with shareholders and professional advisors.
- Ensuring the integrity of accounting, the provision of treasury, tax and secretarial support and the timely flow of budget and control information for management.
- A key contributor to strategic and business planning, including possible acquisitions, special projects and the modelling of new ventures.

THE QUALIFICATIONS

- Probably mid to late 30s, graduate level education and professionally qualified. International experience and languages would be an advantage but not essential.
- Already proven in all aspects of financial management of a stand-alone business entity in a consumer-driven and competitive environment, preferably with a high degree of seasonality.
- A practical and pro-active approach, team-oriented and fully involved in business processes, seeking to join a thrusting and ambitious Group and develop with it.

Leeds 0532 307774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. FI 189094M, Adlington Court, Greencourts Business Park, Styal Road, Manchester M22 5LG

UK Finance Director

£40,000 + Car + Bonus

Marlow, Bucks.

INNOVEX

Innovex leads the way as one of the most exciting and innovative healthcare service companies, with diverse services, focusing on sales, marketing and clinical research. It has an unrivalled combination of marketing communication, medical and human resource capability in one specialist service company, with an unparalleled record of success. Global acquisitions, coupled with impressive organic growth provides the opportunity to appoint an ambitious Finance Director to join a highly qualified and motivated team.

Reporting to the UK Managing Director with functional responsibility to the Group Financial Controller, this demanding position will be responsible for the effective management of the Finance Department, full reporting of all financial issues at board level, treasury management, IT, fleet management and statutory issues including tax.

The ideal candidate, aged in their mid 30's, will be a Qualified Accountant who has demonstrated a successful track record of hands-on financial management within a multi-national organisation. The ability to manage change and growth and above all, strong inter-personal skills at all levels of management are essential.

The company offers an excellent remuneration package and tremendous potential for long-term career advancement. Please write in the strictest confidence, enclosing a full CV and salary details to Nigel Lynn ACMA quoting reference NLA1336.

NIGEL LYNN ASSOCIATES

Accountancy Recruitment

25/27 Winchester Street Basingstoke Hants RG21 1EE.

GROUP TREASURY MANAGER

North London

Attractive Package

Our client is a UK consumer products group with a remarkable record of successful growth in recent years and it will be developing and expanding its high-profile branded products internationally.

The group's professional treasury team is now being strengthened by the appointment of a person who will assist the Group Treasurer in developing and implementing policies and procedures to meet the demands of the growth plan. Principal tasks will be the effective control of currency and interest risk, the improvement of banking and cash management systems, the review of financing and investment techniques, and the establishment of appropriate treasury procedures in overseas operations.

To meet the demands of this role you will probably be a graduate with ACT membership and an accountancy qualification, supported by at least three years' practical experience in the key areas of international treasury management. You will be computer literate and a good communicator, with the ability and confidence to promote treasury services throughout the group.

This key appointment offers the opportunity for a capable treasury professional to develop expertise in an exciting growth business. A competitive salary will be supplemented by a full benefits package, including a car. Our client operates a no smoking policy.

If you wish to be considered for this appointment, please write, in confidence, with full career and salary details to: Douglas Austin, MSL International Limited, 32 Aybrook Street, London W1M 3JL. Please quote reference A22E74.

MSL INTERNATIONAL — EXECUTIVE RECRUITMENT CONSULTANTS

LONDON 071 487 5000 · BIRMINGHAM 021 454 8864 · GLASGOW 041 248 7700 · LEEDS 0532 454757 · MANCHESTER 061 834 2425

Finance Director

Safety and Respiratory products

North West England

c£40,000, Car + Benefits

The company, a successful £12M operating subsidiary of a FT-SE 100 plc, has experienced prominent growth for its products across European and World markets.

It seeks to recruit a Finance Director to take charge of its Finance and IT functions as well as making a significant contribution to a small senior management team.

Whilst there is undoubtedly a clear role to play in the longer term business plan, there are a number of key first year objectives on which to focus. These include a detailed review of the costing and stock control procedures and systems and the project management and implementation of a new IT programme.

Likely to be aged 35-50 with at least eight years post qualified experience, you should have a proven exposure to the disciplines of strong financial and people management. Experience of implementing an IT project to enhance all aspects of a business competitiveness should be backed with clear evidence of making visible profitability and efficiency improvements in a manufacturing business.

Most likely to come from a large company environment, and comfortable with the structured and demanding reporting procedures from the parent company this role represents a genuine opportunity to play an integral part in driving this business forward.

Interested candidates should forward a detailed c.v. in confidence to: James Conchie, Hoggett Bowers, 5 Bream's Buildings, Chancery Lane, London, EC4A 1DY, 071-430 9000, Fax: 071-405 5995, quoting Ref: HJC/5172/FT.

Hoggett Bowers
EXECUTIVE SEARCH AND SELECTION

Finance Director - Construction

Midlands c£80,000 + options and bonus

Our client, a market leader in international construction with a turnover approaching £1billion has taken the opportunity to refocus its business with strong strategic, marketing and financial direction.

Reporting to the Managing Director, you will be tasked with the financial control and direction of the business, a business which has pursued policies to maximise earnings, attain significant operating efficiencies and improve customer service.

Controlling a central team, you will be called upon to maximise the influence of strong financial control in a fast moving, change-driven environment.

Ideally experienced within the construction/contracting sector, you must be able to demonstrate a high degree of commercial flair, backed up with a strong technical ability and the 'stature' to make a positive contribution beyond 'keeping score'.

Aged 40 plus, you must have the drive and personal resilience to operate at the highest level within a robust and open style of management.

Please send a detailed CV quoting ref B/497/94 to Steven French.

KPMG Selection & Search

Peat House, 2 Cornwall Street, Birmingham B3 2DL.

PARAMOUNT CLUBS — MADE FOR YOUR ENTERTAINMENT

Price Waterhouse — *EXECUTIVE SEARCH & SELECTION*

Finance Director Designate

£40-45,000 + benefits Nottingham

In the last year Paramount Clubs has only opened two bingo clubs – they're the biggest and most successful in the UK! A highly experienced team, major institutional investment and a commitment to higher standards enable the company to capitalise upon demographic and social trends which promise further growth in a market already worth £1.5 billion per annum. Where major competitors are constrained – tied in to ageing ex-cinema buildings – Paramount is developing state of the art, luxury clubs employing the latest technology and based on greenfield sites.

Joining the small head office team as designate head of finance, you would be expected to rise to full Director within a year. In addition to traditional accounting and management information responsibilities, you would focus on cash and margin control in a fast moving, high volume environment. Supporting the Managing Director in relationships with investors, you will play a major role in the company's capital expenditure programme, appraising and subsequently monitoring several development projects per year.

A high grade, fast track manager, you should be:

- A graduate Chartered Accountant aged 30-50
- Familiar with rapid growth in a retail/leisure environment
- Experienced in the use of accounting systems and the generation of quality management information
- Skilled in the appraisal, justification, monitoring and reporting of capital expenditure.

In return you will be rewarded with a benefits package which includes car and bonus arrangements. Share options may be available at a later stage.

To apply write with full CV and salary details, quoting reference D/0051/FT to:
Mark Hartshorne,
Executive Search & Selection,
Price Waterhouse,
19 Cornwall Street,
Birmingham
B3 2DT.

Grant Thornton

Financial Controller

South East England — **Circa £45k**

Our client, Crowson Fabrics Limited, is a leading supplier to the home furnishing industry both in the UK and to export markets. With an annual turnover of £50m+ and four subsidiaries in Europe this appointment represents a significant challenge for the right individual. The post has been created through internal promotion and the right candidate will have good prospects of promotion to the position of Financial Director in due course.

The successful applicant, a qualified accountant, will have good computer and finance skills, be capable of managing staff and of producing regular management accounts and overseeing the preparation of the annual financial statements.

Commercial experience within a large organisation, language skills and relevant industry knowledge would be an advantage, although not necessarily a requirement.

Initial replies should be sent, in *strictest* confidence, to:

Mr. David Fisher, Grant Thornton, Chartered Accountants, Ashdown House, 125 High Street, Crawley, West Sussex RH10 1DQ.

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Gareth Jones
+44 71 873 3379

Andrew Skarzynski
+44 71 873 4054

HEAD OF CORPORATE FINANCE

Large International Shipping Group is looking for an experienced person able to help manage the finance and corporate planning functions reporting to the Managing Director. Background in investment banking, equivalent in other commercial sectors, combined with accounting knowledge would provide an excellent base. Candidates should have university or professional degree and experience in negotiating credit facilities. Good career prospects.

Preferred age bracket: 28-38. Service locations: Southeast Asia. Working language English.

Attractive remuneration and fringe benefits negotiable to suit qualifications. Accommodation provided. Applicants with full career details and references in strict confidence, in first instance to:-

DWJ Advertising Limited (Ref: M.285)
104/110 Goswell Road, London EC1V 7DH

The reference should be clearly marked on the outside of the envelope. Applicants from outside of the U.K. may fax their application to +44 (0) 171 250 1595.

FINANCE & ADMINISTRATION CONTROLLER

£30,000-£50,000 + Benefits

Initially Based North West

Our client is a large IT service provider with activities in systems integration, outsourcing of information services and management consulting. The Group has operations in the US, Europe, Australia and the Far East with turnover in excess of $2 billion. With record growth forecasts for the markets it serves, it has the ability to offer tremendous prospects to individuals who are mobile.

The Company is seeking a commercially minded accountant to undertake the role of Finance & Administration Controller. The key requirement of the position will be to maximise business opportunity, efficiency and add value to the operation, which will require a delicate balance of support, enquiry and control. Although the post calls for a high degree of independence, the ability to build excellent relationships with fellow employees will be critical to the success of the role.

The candidate profile focuses heavily on ability and approach rather than specific experience. However, the successful individual will be:

▲ able to prioritise effectively
▲ commercially orientated
▲ a strong leader and team builder
▲ technically competent
▲ a confident, influential communicator
▲ mobile (throughout the world)
▲ a graduate calibre qualified accountant

Language skills and IT sector knowledge would be useful but are not essential.

If you are interested in this position and meet the candidate profile then please send your curriculum vitae with a note of daytime telephone number and current salary to Jon Anderson ACMA at Martin Ward Anderson, Goswell House, 134 Peascod Street, Windsor, Berkshire, SL4 1DS. Please quote reference 94112.

MARTIN·WARD ·ANDERSON·

WALKERS SMITHS SNACK FOODS LIMITED

PFI PEPSICO FOODS INTERNATIONAL LIMITED

Finance Manager

Age 28-35 **Theale, Reading** **Substantial Package**

PepsiCo Inc. is a successful, results orientated, US based multi-national organisation with operations in the fast foods, soft drinks and snack food markets, employing 300,000 people worldwide.

Walkers Smiths Snack Foods Ltd, a wholly owned subsidiary of Pepsico Inc., is the leading branded snack food manufacturer in the UK. With three of the top 10 branded products, the company has aggressive growth plans to capitalise on its success.

As a result of this, an exciting and challenging opportunity exists for an outstanding individual to play a major role in the Finance function as a key contributor in meeting the organisation's future goals. The role will principally encompass the management of change incorporating the development and implementation of best practice across a range of operational areas.

The successful candidate will be a graduate qualified accountant in their late 20s or early 30s. He or she must have demonstrated exceptional achievement in their career to date in a blue-chip environment either within industry or the profession. Interpersonal skills and a committed results orientated approach are paramount.

In return, Walkers Smiths Snack Foods Ltd offers outstanding opportunities both within the UK and PepsiCo worldwide. They are equally committed to substantial investment in personal and professional development.

The remuneration package includes a high basic salary, bonus, share option scheme and a company car.

Interested applicants should write to Mark Gilbert with a detailed CV, including details of current remuneration, at the address below.

Alderwick Peachell

Alderwick Peachell Limited, Recruitment Consultants, 125 High Holborn, London WC1V 6QA. Tel: 071 404 3155. Fax: 071 404 0140.

European Financial Director

West of London **Package c£100,000+**

This publicly quoted US multinational is one of the fastest growing companies in the world. It operates at the leading edge of an expanding area within the computer industry. Its European operations, which comprise subsidiaries in France, Italy, Holland, Germany, the UK and Ireland, are rapidly evolving through a programme of organic and acquisitive growth. It also has an extensive network of distributors in other European locations.

This position reports to the Vice President of European Operations and provides the focal point of communication between Europe and the US. The role carries responsibility for all financial and commercial issues including the financial management of European offices, initiating and communicating company policies, leading the integration of acquisitions, the management of the European Headquarters' finance function, formulating tax and structure plans and systems development. In addition the jobholder will be expected to participate actively in the decision making process relating to the company's future development in Europe. Some travel to the US and Europe will be required.

The successful candidate will be a qualified accountant with a record of high achievement in financial management, ideally gained with a US corporation. He or she is likely to be aged in his or her late 30s or early 40s. Experience of controlling subsidiaries within a multi-currency trading environment is essential, as is an understanding of the importance of tight inventory control and cash management in an expanding organisation. Candidates must be capable of presenting and influencing, both in writing and in person, at a senior level. Experience in a similar sector is a distinct advantage as is the knowledge of another European language.

This is a first class opportunity to contribute to the continued success of this young, ambitious and dynamic organisation. The remuneration package will include a performance related bonus, company car, stock options and other executive benefits.

Interested applicants should telephone Marka Bowe or David Ryves on 071 404 3155 or write, enclosing a detailed CV, to the address below before 16 September 1994.

Alderwick Peachell

Alderwick Peachell Limited, Recruitment Consultants, 125 High Holborn, London WC1V 6QA. Tel: 071 404 3155. Fax: 071 404 0140.

OUTSTANDING FINANCE OPPORTUNITIES

West London — Excellent Packages

Glaxo Holdings p.l.c. is a leading FTSE-100 company with reported turnover of £5 bn and pre-tax profits in excess of £1½ bn. It is an integrated research-based group of companies, whose corporate purpose is to create, discover, develop, manufacture and market throughout the world safe, effective medicines of the highest quality which will bring benefit to patients through longevity and quality of life, and to society in general through economic value. Group Finance has a key role to assist in the realisation of this. As a result of promotions, two positions now exist:

SENIOR FINANCIAL ANALYST

Reporting directly to the Group Financial Planning Manager, this highly visible role forms part of a small team which focuses on:

- *worldwide corporate development issues*
- *competitor analysis*
- *acquisitions and disposals*

Additionally the team undertakes specific investigations at the request of the Group Board and Senior Management. The successful individual will also be expected to assist in the preparation of the Group Strategic Plan and be involved with the appraisal of capital expenditure.

Candidates will be graduate chartered accountants with 2-5 years post qualification experience gained ideally in either a corporate finance, planning or management consultancy environment. The ability to communicate effectively at all levels and to apply sound business acumen will be critical to success in this position. **Ref JJ 5986.**

FINANCIAL ANALYST

Reporting to the Group Management Accounting Manager and working in a small team, you will be principally responsible for short-term forecasts including:

- *co-ordination of the annual budget and quarterly estimate processes*
- *review and analysis at Group level of the budget and estimates*
- *assisting in the development of management reporting*

Additionally, as part of a wider team, you will be involved in the appraisal of capital projects and other ad hoc projects on behalf of senior management.

Candidates will be graduate qualified accountants (ACA/ACCA/ACMA) with at least one year post qualification experience in a commercial environment.

An organised approach to work is essential, as is the ability to develop new ideas and to communicate effectively at all levels. **Ref JJ 5987.**

The salaries will reflect the importance placed on these positions and will include company car/allowance and non-contributory pension. Both positions afford the opportunity to develop a career in Glaxo. Candidates should contact Jonathan Jones on 071-434 4455 (evenings/weekends 081-464 0927). Alternatively, forward a curriculum vitae quoting the relevant reference to: Marks Sattin, Financial Recruitment Consultants, Sackville House, 40 Piccadilly, London W1V 9PA. Fax: 071-355 4501.

Glaxo

Regulation and Compliance – Advisory/Consultancy

London **Salary Package £25-£36,000 + Benefits**

The Company

Our client is one of the leading international firms of Chartered Accountants and Management Consultants.

They are recruiting 2 accountants to join their specialist team covering the regulation of all forms of investment business.

The Role

* Ad hoc consultancy assignments and projects for investment businesses and regulators.
* Specialist support to practice groups.
* Development of courses and training for practice groups.
* Presentation to clients and seminars on key issues.

This is a frontline role with the opportunity to show initiative and take responsibility in an area where there is considerable scope for career advancement.

Candidate Specification

* Qualified Accountant.
* Age 26-35.
* 1-5 years post qualification experience.
* Previous experience of Regulation and Compliance or the Financial Service Sector is an advantage but not essential.
* Team-player, with strong attention to detail.
* Good presentation and written skills.

To apply, please forward your CV to **Geraint Evans** or **Bruce Page** CA, at Douglas Llambias Associates Limited, 410 Strand, London WC2R 0NS or Fax on 071 379 4820.

DLA DOUGLAS LLAMBIAS RECRUITMENT CONSULTANTS

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Due to the co... RE service, we are now looking for a qualified ... new accounting systems.

In this important ... planning, developing and implementing systems fo... ons, creating solutions both for our existing and our ...

As well as having ... n experience, you must also have strong accounting ... ure to European reporting requirements preferably gai... nisation in either the service or telecommunications sectors. ... uropean languages would be a distinct advantage.

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To apply, pleas... dicating present salary level to: The Personnel Depa... BRE Travel Information Network, Trinity Square, 23... dlesex TW3 3HE. Please quote reference CJ/CFA.

The closing date for applica... the 15th ... mber 1994.

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Welcome to a *new* era in housing

Finance Directors

Up to £47,000 + car

Following a positive tenants' ballot in April 1994, the transfer of approximately 9,000 properties from the Borough of Basingstoke and Deane to two new and separate Housing Associations is planned for early 1995. As well as achieving improved management arrangements and major repairs and modernisation, the transfer is expected to allow the Council to support a substantial development programme.

Both the Basingstoke & North Hampshire Housing Association and the Basingstoke & Upper Test Housing Association now require qualified accountants to serve as Finance Directors and Deputy Chief Executives. With substantial experience in a housing association environment - and a proven track record of managing financial systems and staff - you should be able to claim significant funding and treasury management skills. A senior corporate management background is vital, along with the ability to present and communicate effectively at all levels.

These are outstanding opportunities, allowing you to work in northern Hampshire whilst being within easy reach of London. Both Associations offer an attractive package including a company car, 31 days' annual leave, excellent pension scheme and relocation assistance.

For an informal discussion, please contact:

Andrew Cobb, Chief Executive (Designate), Basingstoke and North Hampshire Housing Association;

Brian Hutchison, Chief Executive (Designate), Basingstoke and Upper Test Housing Association;

by telephoning 0256 844844

For an application form please telephone our 24 hour answering service on Basingstoke 0256 479443 quoting job reference HA at the start of your call or write to the Personnel Division, Basingstoke and Deane Borough Council, Civic Offices, London Road, Basingstoke, Hampshire RG21 2AJ. Closing date for applications: 28th September 1994.

Both Housing Associations are equal opportunities employers and welcome applications from all sections of the community.

Basingstoke & North Hampshire HOUSING ASSOCIATION

Merrist Wood
— COLLEGE —

COMMERCIAL DIRECTOR

c £30,000 + benefits

Merrist Wood College is a thriving specialist Further Education College for the land-based industries, located in rural Surrey. With an annual budget in excess of £4 million, the College has an interesting mix of academic and commercial enterprises.

Reporting directly to the Chief Executive, the Commercial Director will play a key role in the development of the College's business and contribute a financial planning perspective designed to maintain and enhance financial viability. In addition to leading a team of commercial enterprise managers, you will be responsible for all matters relating to the finance and accounting systems of the College.

This new position will require an energetic commerically-minded self-starter who can change attitudes, plan strategically and establish strong control. As a qualified accountant, you will have a minimum of three years' commercial line management experience, operating at a senior level within a commercial organisation. You will have experience in the preparation of business plans and budgets, sound communication skills and a 'hands-on' approach to practical accounting tasks.

For an application information pack, please contact: Rosemary Todd (Personnel), Merrist Wood College, Worplesdon, Guildford, Surrey GU3 3PE, telephone 01483 232424. Completed applications to be returned by 30th September 1994.

REGION TAX MANAGER

THE NETHERLANDS — **EXCELLENT PACKAGE**

With operating companies in all major countries, this international corporation is a market leader in a highly competitive sector.

As a result of continuing investment programs, the established Group Taxation Department now seeks to recruit a Tax Manager with responsibility for the Europe, Africa and Middle Eastern region.

Reporting to the Group Taxation Director, the successful individual will be expected to:

- Provide focus for Group operations in the region by establishing appropriate working relationships with corporate, divisional and country management.
- Review and make recommendations to management in respect of (but not limited to) business ventures, financing & licensing.
- Ensure the correct implementation of group tax strategies consistent with overall tax planning.
- Measure and report upon the tax position of operations on a regular basis.

The successful candidate will be:

- An experienced international tax specialist with a minimum of five years' relevant experience gained within a firm of professional tax advisors or a commercial organisation.
- Aged between 28 and 35 with excellent communication skills and the confidence and ability to deal with management at senior levels.
- Truly international in orientation with fluency in at least two European languages and highly mobile.

To discuss this exceptional opportunity further, contact **David Burton** in London on **071-379 3333** or **Graham King** in New York on **0101-212 479 2316**. Alternatively, forward your CV to **Robert Walters Associates, 25 Bedford Street, London WC2E 9HP**. Fax 071-915 8714.

ROBERT WALTERS ASSOCIATES

FINANCIAL CONTROLLER

TO £27,000 + PRP

(WAGE AWARD PENDING) LEICESTER

An energetic accounting professional, you will have the financial expertise and management drive to make a significant contribution to the success of a major purchasing and supply consortium with an annual expenditure of £200m.

Assuming control of our financial administration and IT sections, you will be responsible for the provision of support and information to all sections of the organisation, including producing monthly report, accounts and forecasts.

Hands-on in your approach, you will ensure proper controls are both in place and correctly followed and you will also be active in the commercial running of our operation as a member of the senior management team.

In addition to your accounting qualifications, you will have a proven track record in managing and developing departmental teams and ideally previous responsibility for IT operations. Fully conversant with developments in hardware and software, you will be an excellent communicator with the ability to interact with colleagues, customers and suppliers at all levels.

If you think you have the expertise and ambition to further your career within our progressive operation, then please contact us for further details and an application form by writing to The Personnel Officer, ESPO, Leicester Road, Glenfield, Leicester. LE3 8RT. Please quote reference number FIN/C

Closing date: Friday 23rd September, 1994

People with disabilities will be guaranteed an interview if suitable for the job.

Committed to equality in employment and services.

ESPO

The SANDOZ Group, a world leader in a wide range of industries including pharmaceuticals, seeds, nutritional products and industrial and construction chemicals, with annual sales in excess of Sfr. 15 billion, is looking to strengthen its Corporate Auditing Function through the recruitment of a number of

International Auditors

Standards of auditing within the Group are high, and applicants should possess sound business and accounting skills in order to ensure their proper application and maintenance. The ability to identify operational problems, devise solutions for the improvement of business processes, and monitor measures taken to protect Group assets are other important components of the job description. Acute commercial awareness is another essential, combined with personal qualities such as a persuasive but tactful manner!

Successful candidates will be university graduates in their late 20s or early 30s with a formal qualification in accountancy (chartered accountant or certified public accountant) or equivalent and a minimum of two years' relevant experience. Fluency in English and/or German is essential, with skills in other European languages an additional asset. Though based in Basle (Switzerland), the position will call for extensive international travel. Career opportunities within the Group are excellent for successful performers.

To find out more about the challenges involved, send an application and curriculum vitae to:

SANDOZ INTERNATIONAL LTD
Personnel Department
Ref 4204, Ms M Baumli
PO Box, CH-4002 Basle
Switzerland

SANDOZ

Circle 33 is one of the largest developing associations in South East England with a successful track record in urban regeneration and innovative housing projects. It is currently implementing extensive upgrading of internal systems to ensure a housing service for its tenants which is second to none.

The Group has an asset base of around £500 million, generating a turnover of £29 million per annum. We are currently recruiting for the following two posts which report to the Finance Director and are based at our Head Office in Highbury.

FINANCE MANAGER

Reporting, Planning & Analysis

£30 - £32k

Working closely with senior management you will provide effective and efficient management information to support the Group's future plans, coordinate the preparation and monitoring of revenue and capital budgets, prepare 5 year forecasts and provide advice and guidance to management at all levels. In addition you will appraise and report on new initiatives and investments and closely monitor project progress.

Applicants will be qualified accountants with five years' relevant experience and a sound knowledge of budgetary control and reporting. Good management and communication skills are required together with a knowledge of appraisal techniques and the ability to organise a diverse workload. Housing association experience is not a pre-requisite. REF: FIN/COR/185.

FINANCE MANAGER

Financial Accounting & Treasury

£28 - £30k

The post is responsible for the preparation of the Group's statutory accounts, Group accounting policy and the preparation and control of all returns to funding and regulatory bodies. In addition you will provide effective treasury management for the Group, monitor and report on investments and loans, participate in the negotiation of new borrowings, prepare regular cash forecasts and review borrowing and investment strategies.

Applicants must be ACA/ACCA qualified with 2 years' post qualification experience, strong technical and accounting skills and the ability to communicate effectively at all levels. Previous treasury experience is desirable. Knowledge of housing associations is not a pre-requisite. REF: FIN/COR/186.

For an application form and further information on either of the above positions please telephone our 24 hour Answering Service on 071 288 4005/4155 quoting the appropriate reference number.

Closing date for receipt of applications for all posts: 23rd September 1994.
Interviews dates will be advised in the recruitment pack.

Our offices in Highbury are non-smoking.

Circle 33 is an equal opportunities employer and we therefore welcome applications from all. We will not discriminate on grounds of race, sex, creed or sexual orientation and we particularly welcome applications from people with disabilities.

CHRIST'S HOSPITAL SCHOOL

HEAD OF FINANCE

Situated on its own rural estate in Sussex, this unique Educational Charity, which retains strong links with the City of London, has provided boarding education for children in need for 440 years. In the current period of rapid educational development and financial challenges the Foundation seeks to appoint a Financial Executive to its restructured senior management team.

The role of the Head of Finance will be the control and management of the Foundation's finances and property portfolio, in liaison with professional advisers. He or she will report to the Clerk (chief executive) and will be responsible for the administration of the Foundation Office, the work of the Accountant and his team and for the provision of management information. He or she will take an active part in assessing the viability of new projects and will work closely with the Clerk and the Foundation's governing body in the development of strategies for maximising available resources.

A professional accountancy qualification and relevant practical experience in any sector are required.

Enthusiasm, excellent communication skills, a sense of humour and the ability to work as a specialist member of an active team having a wide range of social and practical responsibilities are essential qualities.

Salary circa £30-35,000 negotiable in accordance with qualifications and experience. Educational opportunities may be available for eligible children.

For further details, and an application form, apply to:
The Clerk, The Counting House, Christ's Hospital, Horsham, West Sussex, RH13 7YP

NO LATER THAN FRIDAY 23RD SEPTEMBER

Registered Charity No: 306975

Financial Controller

Tokyo Based

International Securities

Our client is one of the world's premier investment banking groups, with a highly successful track record. Their securities business is structured on a regional basis and a high calibre Financial Controller is now required for the Japan Division.

As the successful candidate, you will lead a small team responsible for all aspects of financial reporting and control. You will be part of the senior management team within the Division and expected to play a full part in the management of the business.

Probably aged 30-40, you must be a qualified accountant with several years' relevant experience, ideally gained in the financial services sector. A "hands on" approach to your role should be combined with the ability to appreciate strategic issues. Work experience outside your home country would be an advantage but is not essential.

A competitive package including a performance related bonus will be offered. Opportunities for career development include transfer within the Asia-Pacific region.

Please apply in writing, enclosing a full curriculum vitae including salary details, and quoting reference 068a, to the Response Manager, Barkers Response and Assessment, 30 Farringdon Street, London EC4A 4EA.

Your CV will be forwarded to this client only. Please indicate any company to which your details should not be sent.

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Can you think globally, yet respond locally?

During the six years since its formation ABB has become a world leader in power generation, transmission, and distribution as well as in the industrial process and rail transportation fields. This International group has 202,000 employees in more than 100 countries, with revenues in 1993 of more than $28 billion.

At ABB's Corporate Headquarters in Zurich, Switzerland, we have an opportunity for a highly motivated

Senior Taxation Manager

Interested in furthering his career in international taxation. The suitable candidate will report to the Group Tax Director. The position involves responsibilities for various countries, intra-group arrangements, and M&A (mergers & acquisitions) activities. Travelling will be required.

The ideal candidate must be a qualified accountant, tax expert or possess a similar business qualification. Hands-on experience in international taxation, particularly in the areas of mergers and acquisitions as well as tax audits with a "Big 6" or a European headquartered Multinational is a must.

If you are self-motivated with strong communications skills, have an excellent knowledge of the English language - knowledge of the Swedish and/or German languages would also be an asset - and good EDP experience, this challenging position should be of interest to you.

We offer competitive remuneration (incl. company car) and modern offices in Zurich, Switzerland. Relocation assistance will be provided.

Candidates are invited to submit their application (resumé, diplomas, letters of reference) to the below address no later than ***September 30, 1994.***

Ramon Fretz
Human Resources Manager
ABB Asea Brown Boveri Ltd
PO Box 8131, CH-8050 Zurich - Switzerland

ABB

FINANCIAL CONTROLLER

Salary £35k & benefits — **Location: Sth East England**

A medium size engineering company, part of a large group which designs and manufacturers capital goods for domestic and export markets, seeks a Financial Controller to head their Finance Department and participate in the management of the business.

Reporting to the Managing Director, this senior and demanding position would ideally suit a hands on Qualified Accountant with a minimum 5 years experience within a job costing manufacturing environment. Previous experience of systems review and implementation of change together with the ability to meet tight reporting deadlines is essential.

If you are self-motivated, can achieve change and are seeking a challenging role, please send your CV to:

Box A2136, Financial Times,
One Southwark Bridge, London SE1 9HL

EUROPEAN CONTROLLER

Finance & Logistics

South — **to £40K + Car + Benefits**

Our international client is a substantial and rapidly growing player in the electronics component sector, with a European HQ in the UK. The company has achieved enviable standards of customer service, whilst enjoying dynamic growth.

Future distribution and customer service strategy requires that the functions of international financial reporting and logistics planning are further developed on an urgent basis.

Leading this development will be a challenging role for an experienced finance professional with a flair for logistics solutions. Qualified accountant with MBA or similar, the candidate must demonstrate an energetic hands on style. Likely FMCG or engineering components background. Probable age range 30-45.

Please apply with full CV and salary details to:

C P Turner, Interconsult Associates Ltd.,
11 Parklands, Kidderminster, Worcs. DY11 6BX
Tel: 0562 68525

LAWSON BAKER
Financial Recruitment Consultants

FINANCIAL CONTROLLER

ENTERTAINMENT

WEST LONDON — **c. £30,000**

An exciting opportunity has arisen for a young, qualified accountant to take charge of the finance, administration and personnel functions of this fast growing subsidiary of a substantial Entertainment and Leisure Group.

Reporting to the Company's Managing Director (with a functional responsibility to the Group Finance Director) and managing a small team, the successful candidate is likely to be aged between 28 and 32, a graduate with two or three years experience since qualifying. Some experience of the entertainment industry is desirable, but not essential. Strong technical, computer and communication skills are pre-requistes.

Please forward full C.V. to Sara Baker, Lawson Baker
Premier House, 77 Oxford Street, London W1R 1RB
Telephone: 071 439 0058, Fax: 071 287 2146.

HEAD OF FINANCE

Norfolk **£35k Package + Car**

Whilst a high degree of technical competence will be looked for in the fully qualified ACA to be appointed to this world renowned manufacturing company, line management capability and the potential to develop rapidly within the organisation will be the main criteria in the selection process.

The organisation, direction and control of a sizeable financial team is a central responsibility, as is extensive liaison between a diversity of key players in what is a truly international business.

The ideal candidate will offer impressive qualifications: several years broadly-based financial accounting experience within a strongly commercial environment: a proven record in consolidated international accounts: a history of building systems, efficiency and consistency into finance function performance and widely acceptable people skills.

In addition to the quoted negotiable salary, a comprehensive benefits package includes healthcare, pension, life assurance, PRP and relocation schemes.

Please apply in writing only with full CV to Mr Simon McMahon, PO Box 28, Shepley, Huddersfield HD8 8YY, West Yorkshire.

Applications will be forwarded direct to my client. Please identify any companies to whom you do not wish to apply.

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Gareth Jones on +44 71 873 3779

Andrew Skarzynski on +44 71 873 4054

Philip Wrigley on +44 71 873 3351

Brian O'Neill on +44 71 873 4027

We are an expanding, professionally managed business Group with a global presence. Our operations are spread over fifteen countries including Japan, Hongkong, Singapore, Taiwan, Korea, U.A.E., Oman, UK, USA and India. Our activities cover a wide spectrum of core areas of the wholesale and retail distribution of consumer durables, electronic goods and the manufacture and distribution of liquor, beer, consumer products, tyre and industrial rubber products and engineering products and services. The Group has a turnover in excess of US$ 1 billion.

In order to strengthen our Strategic Planning activities for our expansion and acquisition plans for Europe and the Americas, we require the following persons to be based in ***Dubai*** :

MANAGER
STRATEGIC PLANNING

JOB :
The successful candidate will be responsible for the development of a strategy for expansion of the Group's activities in Europe and the Americas. This will involve the identifying, negotiating and financing of acquisitions in order to develop a substantial presence in the markets selected. In addition there will be a coordination / support role in terms of growing the existing, but limited, operations in the UK and the USA.

PERSON :
High calibre individuals likely to be aged 35-40 who will be self-starters and have either an accounting, legal or banking background with around 10 years relevant work experience. Excellent inter-personal skills will be required in view of the broad base of Group activities.

SALARY :
Approx. GBP 45,000 per annum *TAX FREE.*

MANAGER
INTERNATIONAL TAXATION

JOB :
The successful candidate will be responsible to develop and execute a strategy for taxation planning on a Group-wide basis. This will cover tax jurisdictions in the various countries in which we operate as well as those jurisdictions which have Taxation Treaties with these countries.

PERSON :
Experienced tax accountants likely to be aged 30-35 with an international background with around 5-7 years relevant work experience in a large multinational organisation. Excellent inter-personal skills will be required in view of the broad base of Group activities.

SALARY :
Approx. GBP 35,000 per annum *TAX FREE.*

In addition to the above salaries, expatriate terms will be offered including accommodation, medical insurance, company car and home leave. The individuals will be on a initial 3-year contract, extendable by mutual consent.
Please mail/fax your detailed resume in strict confidence within 10 days to:

Vice President – Personnel & Administration
Jumbo Electronics Company Limited
Post Box No. 3426, Dubai, U.A.E.
FAX NO. : 971-4-523910

JUMBO

CEREBRAL TREASURY
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"Leading Edge" **Base negotiable c £35K + benefits**

THE CLIENT

Would be difficult to beat in terms of its profitable growth and of the challenges that it continually presents to its growing team of outstanding people.

THE PERSON

With two years plus post qualification experience, you will need to combine
- ❑ Formidable "hand on" skills of running accounts for a major currency portfolio, with
- ❑ Management ability to motivate your small team and,
- ❑ "Front office" product accounting familiarity.

THE OFFER

Our client, a leading investment bank is able to offer you
- ❑ more accountability than would be found in other organisations;
- ❑ highly complex issues to resolve and ❑ a very promising future

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KIDSONS IMPEY

Please telephone Peter Willingham for further information or write to him at the address opposite, quoting reference number 639B.

CORPORATE TAX SPECIALIST
C. £35,000 + BENEFITS

The BOC Group is one of the UK's most prestigious and successful companies. Last year our global turnover reached £3.2 billion, and our operating profits were £421 million; we have around 40,000 employees world-wide and a product portfolio which includes industrial gases, health care equipment and vacuum technology.

Currently working either in the profession or in the Tax Department of another blue chip plc, you will wish to broaden your taxation horizons and be keen to face new challenges. Working at Group Headquarters, you will be joining a team which is responsible for BOC's tax strategy and planning. The department is closely involved with all aspects of the Group's activities. It is also responsible for UK tax compliance and advising on V.A.T., executive and expatriate taxation.

A graduate, ACA qualified, and preferably a member of the Institute of Taxation, you will be given a varied portfolio reflecting the diverse nature of the department's workload. As there is close contact with other colleagues in the corporate headquarters and in the businesses, we are looking for a team worker with good communication skills, and, for the right person, the scope for personal development is excellent. Salary will be negotiable according to experience and will be supported by a comprehensive range of Group benefits.

Please write with full career details to
Jayne Matthews, Personnel Officer, The BOC Group plc,
Chertsey Road, Windlesham, Surrey, GU20 6HJ.
Tel: (0276) 477222

DIRECTOR OF FINANCE

Buckinghamshire **c £36K + bonus + car**

Amersham & Wycombe College is an independent further education Corporation with 8,500 students and 350 staff located across three main campuses in south Buckinghamshire. The College has been highly successful in diversifying its markets and the annual turnover is £12m having tripled over the past four years. A significant area of growth has been in the provision of contract education and training services for major customers including the Prisons Service and local TECs. Some of this activity is undertaken through the College's subsidiary trading company of which the Director of Finance is the Company Secretary.

The Director reports to the Chief Executive, provides reports for the Board of the Corporation, the Finance Committee and the Audit Committee and regularly attends the meetings of these three committees. The Corporation is seeking to appoint someone who can build upon and develop the excellent financial base which has been established since the College left the control of the County Council in April 1993. Following a recent reorganisation, the Director is now responsible for the College's Business Information Unit and MIS which adds a significant dimension to the breadth of responsibilities of the post.

Applicants must have a recognised accountancy qualification, (eg ACA, ACCA, CIMA etc) together with a range of experience some of which must have been gained in the private sector particularly within large organisations. The ability to manage the development and implementation of new computer based systems is an important feature of the post. The College is pursuing delegated budgetary control which requires non-financial managers to manage their budgets and the Director is required to provide leadership and support for this culture change. The Director must have a good knowledge of tax matters including VAT and covenant payments. A knowledge of the new FEFC funding methodology would be an advantage. The Director has a team of 27 staff, 4 of whom are direct reports including a personal secretary.

The College has responded positively to the challenge of independence and is vigorously pursuing strategies which will ensure further growth in an increasingly competitive environment. The Director of Finance will play a major part in the future development of the College and in ensuring its sound financial future.

If you are interested in this challenging post, please send a brief letter of application together with a full CV to Tricia Leman, Director of Personnel, Amersham & Wycombe College, Stanley Hill, Amersham, Bucks HP7 9HN. The closing date for expressions of interest is Friday 23 September 1994.

KAPPLER EUROPE LTD

Position: Financial Manager

Location: Nottingham

Professional Qualifications: Chartered Accountant; Certified Public Accountant: or equivalent.

Language Skills: English, French and German preferred.

Responsible to: Managing Director - Kappler Europe, Ltd. Must coordinate activities with the Chief Financial Officer of the Kappler Safety Group, Inc., the American holding company.

Main Duties: Responsible for the administrative and financial management of the company and its subsidiaries in France, Germany and Tunisia. Work closely with the Managing Director and his staff to operate a dynamic profitable organisation.

Ideal candidate would have the above mentioned qualifications and have at least five years industrial experience ideally in a sales orientated manufacturing environment. Must be a hands on manager with good team building skills. Must be familiar with international financing, currency risk management and international trade. Must be driven, practical and results orientated.

Travel: Approximately 20% of the time.

Salary Range: 30K - 40K plus bonus based on company profitability.

Please reply in writing to:
R D Wilson, Pannell Kerr Forster, Chartered Accountants, Regent House, Clinton Avenue, Nottingham NG5 1AZ

Pannell Kerr Forster Associates
CHARTERED ACCOUNTANTS

International Banking

London **c £40,000 + Benefits**

Following the restructuring and expansion of its accounts function, our client, the autonomous and profitable UK subsidiary of an international bank, is seeking to recruit a dynamic, qualified accountant.

The role will involve the supervision of your own team, being responsible for regular reporting, analytical reviews and the setting and control of budgets.

The successful candidate will have a hands-on approach with up to five years post qualification experience gained within a banking environment, including exposure to treasury products.

To apply, please send a copy of your CV, with a covering letter explaining why you are suitable for the position quoting reference FT080994 to:

Jonathan Gill, Douglas Llambias Associates,
410 Strand, London WC2R 0NS
Fax: 071 379 4820

DOUGLAS LLAMBIAS
RECRUITMENT CONSULTANTS

FINANCE DIRECTOR
SPORTS & ENTERTAINMENT INDUSTRY

MANCHESTER **UP TO £35,000 TO 40,000 + BONUS + BENEFITS**

Ogden Entertainment Services, a subsidiary of the Fortune 500 Ogden Corporation, is the leading operator of sports and entertainment facilities worldwide and has signed a 20 year agreement to operate the new Manchester Arena currently under construction at Victoria Station, scheduled for opening in July 1995.

The arena will be Europe's largest indoor facility offering a wide range of activities including rock and pop concerts, professional ice hockey and basketball. With forecast revenues in excess of £10 million we are seeking a commercial Finance Director with a strong service background, confident, efficient and a team player who will work closely with the General Manager of the facility to develop an accounting function, recruit an accounting team, implement policies, procedures and practices and be responsible for all financial operations including budgeting, planning and control.

Candidates should be qualified Chartered Accountants with a minimum of seven years post qualification experience, a hands-on approach and be capable of growth and development within this important flagship operation for Ogden Entertainment Services in Europe.

Please send a career history accompanied by a two page introductory letter explaining your interest in this position and how you meet the requirements of the role to:

Noel Penrose
Managing Director
Ogden Entertainment Services
50 Thames Street
Windsor, Berks SL4 1PU

OGDEN ENTERTAINMENT SERVICES

FINANCIAL CONTROLLER

Walthamstow **c£23k + Bonus**

An opportunity to join a rapidly expanding bookseller with annual turnover of £2m generated from shops operated in London. The intention is to reinforce internal controls and improve management information to facilitate growth.

At present the accounts are produced on Sage software. The successful candidate would be expected to have the capability and motivation to take direct responsibility for accounting, management reports, administration and to up-grade the functions of accounts production and stock management.

Ideal applicants will be qualified accountants with relevant experience and more importantly have the maturity to join senior managers in the development of the business.

Please send career details to:
The Chairman, Sceptre Books Ltd,
159 Orford Road, Walthamstow, London E17 9QE.

Audit for Profit

City **c.£27,500 + car**

Successful service group in media and financial markets, in growth mode, strengthening its finance function, seeks new 'internal auditor', for creative, constructive objectives including investigation, current asset control, profit improvement and true management audit. A visible role close to the board with measurable results. The vacancy arises from promotion.

Candidates should ideally be graduate chartered or certified accountants with a sound practice base and some post qualifying experience preferably. Personality should be assertive, bright and communicative. Age, say 24-28. Prospects exist throughout the group and this job is a stepping stone.

Write to **John Courtis FCA**, Courtis & McManus,
72/75 Marylebone High Street,
London W1M 4AJ specifying how you meet these criteria, stating salary, enclosing CV and quoting 7333/FT.

Courtis & McManus
Search and Selection